Annual Report 1986

Public Utilities Board
Alberta

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Annual Report
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Alberta

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10055 - 106 Street
Edmonton, Alberta T5J 2Y2

File No.: E2.6.2-12

March 27, 1987

The Honourable Donald Getty
President of the Executive
Council of Alberta
Legislature Building
EDMONTON, Alberta

ANNUAL REPORT

Dear Sir:

We have the honour to submit herewith the Annual Report of the Public Utilities Board for the year 1986.

In addition to providing the information which is required by statute, this Report provides a brief description of the Board and its responsibilities and highlights significant activities and developments which occurred during 1986.

Yours respectfully,

A.O. Ackroyd
Ammon O. Ackroyd – Chairman

G. Chelmick – Vice-Chairman

A. Jah – Member

A. Calista Barfett – Member

T. Donald Hetherington – Member

R. W. Paisley – Member

N. W. MacDonald – Member

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INTRODUCTION

Purpose and Authorization

The purpose of this Report is to comply with Section 27 of the Public Utilities Board Act, which requires the Board to transmit to the President of the Executive Council, a Report as to the applications dealt with and a summary of the findings of the Board, and as to the number and nature of the Inquiries the Board has held on its own motion.

In addition to the material required by Statute, this Report contains other information, tables and statistics dealing with the Board's activities which the Board believes will be of interest to readers of the Report.

The Board

The Legislature of the Province of Alberta first created a Board of Public Utility Commissioners by Statute in 1915, and the Statute as at December 31, 1986, the Public Utilities Board Act (RSA 1980, c.P-37), delineates the present Board's jurisdiction. In dealing with matters which the Legislature has assigned to it, the Board has been granted the same status as the Alberta Court of Queen's Bench.

The Board's Decisions and Orders may, with leave, be appealed to the Alberta Court of Appeal (and subsequently, with leave, to the Supreme Court of Canada) on questions of law or jurisdiction. With respect to its quasi-judicial duties, the Board takes its directions from the Alberta Statutes and from the Alberta Government Orders-in-Council.

The Members

The Public Utilities Board Act provides for the appointment, by the Lieutenant Governor in Council, of such number of members, for such terms of office as may be considered appropriate.

On February 6, 1986 George Chelmick was appointed effective March 1, 1986 as Vice-Chairman of the Board. Mr. Chelmick's 10 year appointment to the Board as a Member expired on February 28, 1987 and on March 4, 1987 he was reappointed to May 31, 1987.

At year-end the membership of the Board consisted of the following seven Members:

Ammon O. Ackroyd - Chairman
George Chelmick - Vice-Chairman

Anwar Jah	Ross W. Paisley
A. Calista Barfett	Neil W. MacDonald
T. Donald Hetherington	

The Public Utilities Board Act provides that the Lieutenant Governor in Council may nominate persons from among whom Acting Members of the Board may be named by the Chairman for any period of time or during any circumstances or for the purpose of any matter before the Board.

At year-end, the following two persons were available to be named by the Chairman:

K. J. Boyd J. Eugene Sekora

The Staff

At year-end the Board had 51 authorized staff positions. The staff, reporting to the Secretary and Executive Director, W. Paterson, is divided into five sections: Technical Services responsible for the provision of technical support in the fields of accounting, engineering, economics and law; Regulatory Administration responsible for responding to and assisting the public with complaints involving utilities and the processing of administrative applications; the Administrative Services section responsible for internal financial matters, personnel and records; Systems section responsible for the operation of the Board's electronic data processing facilities; and Calgary Office, a small secretarial/administrative section in Calgary.

Offices

The Board's offices are located in:

Edmonton	Calgary
11th Floor	10th Floor
10055 - 106 Street	Energy Resources Building
Edmonton, Alberta	640 - 5th Avenue S.W.
T5J 2Y2	Calgary, Alberta
	T2P 0M6
(Phone 427-4901)	(Phone 297-6306)
(Area Code 403)	(Area Code 403)

Financing

With respect to budgetary and administrative matters, the Board reports to the Lieutenant Governor in Council through the Attorney General. The Public Utilities Board Act states that the Board's expenses shall be paid from the Province's General Revenue Fund. For this purpose, the Board operates on a fiscal year beginning on April 1 and ending on March 31 and submits a yearly budget for approval by the Alberta Legislature. As of December 31, 1986, the Board was within its total budget and did not expect any over-run at fiscal year-end, as shown by the table following this Section.

The Board cannot forecast precisely the nature and extent

of its regulatory activity in any year as it must respond promptly to all applications received. Therefore, it is difficult to accurately forecast expenditures in the area of Supplies and Services, since these expenses are affected by the number, type, length and complexity of the public hearings the Board must convene.

Expenditure Control Group	1985/86 Budget	1985/86 Expenditures (Actual)	1986/87 Budget	1986/87* Expenditures (Forecast)
1. Manpower	$2,555,930	$2,251,589	$2,550,850	$2,290,000
2. Supplies & Services	610,500	345,661	565,900	330,000
3. Fixed Assets	170,000	164,098	106,000	56,000
TOTAL	$3,336,430	$2,761,348	$3,222,750	$2,676,000

* These amounts reflect actual expenditures for the period April 1, 1986 to December 31, 1986 plus estimated expenditures for the period January 1, 1987 to March 31, 1987.

RESPONSIBILITIES

Public Utility Regulation

All public utilities and gas utilities, as defined in the Statutes, are subject to Board regulation. Municipally owned utilities are outside of the Board's jurisdiction (except as to specific complaints with respect to their rates) unless the Municipality passes a by-law submitting its utility to the control and orders of the Board. Rural Electrification Associations are subject to Board control only when agreement cannot be reached with respect to the selling price of their assets upon dissolution. Gas co-operatives are not subject to Board regulation, except (like municipally owned utilities) for specific complaints with respect to their rates. The net result is that, with these exceptions, all telecommunications, electric, water and gas utilities within the Province as defined in the Statutes are subject to the jurisdiction of the Board.

The Alberta Legislature has given the Board quasi-judicial powers, but has also provided by Statute that the Board's hearings shall be public, and that the Board shall be subject to the Administrative Procedures Act which, amongst other things, requires that the Board give written reasons for its Decisions. The net result of these legislative provisions is that, although the Board's jurisdiction is absolute in prescribed areas, its operation is open to public scrutiny; its Decisions are written and available to anyone wishing a copy; and its obedience to the law is subject to review in the Courts.

The Board's primary purpose in regulating utilities under its jurisdiction is to ensure that the customers of such regulated utilities receive safe and adequate service at rates which are just and reasonable to both the customers of and investors in those utilities.

As part of the regulatory process, the Board is responsible for reviewing the affairs, earnings and accounts of each owner of a public utility or gas utility within three years of fixing the rates, tolls or charges for such utilities. It is also responsible for exercising "general supervision" over all public utilities and gas utilities and their owners, and ensuring their compliance with the law.

Other Regulatory Functions

Pursuant to more than thirty Alberta Statutes, the Board has been assigned a number of other regulatory responsibilities, most of which are related to public utility regulation. These other duties are briefly described as follows:

(1) When authorized to do so by Order-in-Council, the Board may fix the field price of natural gas, and the prices of propane and butanes used, consumed, or retained within Alberta.

(2) The entering into of franchise agreements, supply contracts and taxation agreements by municipal councils with a public utility or gas utility are subject to the approval of the Board.

(3) The Board hears and resolves complaints with respect to rates imposed by municipally owned utilities and member-owned rural gas co-operative associations when it is alleged that such rates:

(a) do not conform to the rate structure established by the municipality or member-owned co-operative association; or

(b) have been improperly imposed; or

(c) are discriminatory.

(4) The Board hears and determines disputes with respect to the rates charged for utility services provided by one municipality to another municipality.

(5) The Board hears and determines disputes with respect to the payment of compensation when all or a part of the franchise area of a rural gas utility is annexed to a city, town, village or summer village.

(6) The Board hears and resolves complaints with respect to the rates charged by NOVA, AN ALBERTA CORPORATION with respect to the transportation of gas within Alberta.

(7) The Board sits as an appellate tribunal with respect to determinations of the "Alberta Cost of Service" made by the Alberta Petroleum Marketing Commission with respect to the transportation of gas within Alberta.

(8) The Board sits as an appellate tribunal with respect to disputes over determinations of transportation costs for natural gas made by the Director of Rebates of the Department of Transportation and Utilities.

(9) The Board sits as an appellate tribunal with respect to disputes over service area boundary decisions made by the Chief Officer as defined in the Rural Gas Act.

(10) The Board performs compensation fixing duties with respect to matters such as the sale of Rural Electrification Association assets and when directed by the Lieutenant Governor in Council, with respect to air pollution damage claims, water pollution damage claims, and environment damage claims.

RESPONSIBILITIES

(11) The Board prescribes the minimum prices for fluid milk to be charged by producers, processors, distributors, and sellers.

(12) The Board sets the price or the pricing formula, in respect of each consumer group, at which owners of public utilities sell electric energy to the Electric Energy Marketing Agency as required pursuant to the Electric Energy Marketing Act.

(13) If there is a dispute between a regional services commission and a municipality or another regional services commission with respect to rates, tolls, charges or compensation for water, sanitary and storm sewerage or waste management services, or the use of any road, street, square, bridge, subway or watercourse by the regional services commission, the dispute may be submitted to the Board for resolution.

(14) The Board hears and determines disputes concerning the construction of public highways over or across irrigation works or regarding the construction and operation of irrigation works across public road allowances pursuant to the Water Resources Act.

(15) All tariffs and tolls of intra-provincial railways must be approved by the Board.

Inquiries

The Lieutenant Governor in Council may, by Order-in-Council, direct the Board to inquire into any matter within its jurisdiction and report thereon. Public hearings are generally held with respect to such inquiries with the result that the Lieutenant Governor in Council receives a report which reflects publicly-tested opinions and well-founded recommendations. The Board may also, on its own motion, inquire into any matter relevant to its regulatory responsibilities.

During 1986, there were no inquiries directed by the Lieutenant Governor in Council. The Board, on its own motion, conducted an Inquiry into natural gas transportation rates for gas distribution utilities, as reported further in Other Regulatory Functions.

Administrative Function

The Board performs a statutory "Administrative Function" under the Natural Gas Rebates Act. In this role, the Board is responsible for the detailed scrutiny and review of all gas supply contracts and customer rates for gas which are the subject of rebate applications, to ensure that the customers receive the full benefit of any rebate paid. Pursuant to the Regulations promulgated under the Natural Gas Rebates Act, the Board issues "Supply Certificates" and "Rates Certificates", which are required before the Director of Rebates can approve an application for Rebate.

The foregoing general outline of the Board's responsibilities provides the framework and introduction for a more specific report on the Board's activities during 1986.

Immediately following is a table which summarizes the Board's regulatory activity during 1986.

The subsequent sections of this Report together with the Appendices provide details and highlights of the Board's activities.

RESPONSIBILITIES

SUMMARY OF REGULATORY ACTIVITY
1986

This table provides some selected statistics which describe the volume of regulatory activity during 1986 in the same categories used in Appendix 1, "Applications to the Board".

		APPLICATIONS CARRIED FORWARD FROM 1985	APPLICATIONS RECEIVED DURING 1986	TOTAL APPLICATIONS TO BE DEALT WITH IN 1986	APPLICATIONS FINALIZED BY BOARD ORDERS OR DECISIONS	APPLICATIONS FINALIZED WITHOUT BOARD ORDERS OR DECISIONS	TOTAL APPLICATIONS FINALIZED IN 1986	APPLICATIONS CARRIED FORWARD TO 1987	DAYS OF FORMAL HEARINGS	DAYS OF IN-OFFICE HEARINGS
1.	Public Utilities, Telecommunications	1	7	8	4	1	5	3	10	0
2.	Public Utilities, Electric	6	12	18	9	3	12	6	34	0
3.	Public Utilities, Water	0	2	2	2	0	2	0	1	0
4.	Gas Utilities, Investor Owned	9	41	50	35	1	36	14	29	8
5.	Gas Utilities, Municipally Owned Under Board Jurisdiction	1	2	3	2	1	3	0	0	1
6.	Utilities not offering utility services to the general public	0	5	5	5	0	5	0	0	4
7.	Municipalities									
7A.	Special Franchise Agreements (the Municipal Government Act)	0	37	37	23	1	24	13	2	12
7B.	Supply Contracts (the Municipal Government Act)	2	1	3	3	0	3	0	0	2
7C.	Supply and Lighting Agreements (the Improvement Districts Act)	0	23	23	23	0	23	0	0	0
7D.	Complaints (the Municipal Government Act)	0	2	2	0	1	1	1	0	1
7E.	Other Applications	0	1	1	1	0	1	0	1	0
8.	Complaints Under the NOVA, AN ALBERTA CORPORATION Act	0	0	0	0	0	0	0	0	0
9.	Appeals Under the Natural Gas Pricing Agreement Act	7	4	11	0	1	1	10	3	0
10.	Milk Pricing	2	3	5	5	0	5	0	0	0
11.	Other Matters	0	3	3	1	1	2	1	13	0
	Totals	28	143[1]	171	113[2]	10[3]	123	48[4]	93	28

[1] Includes cases where the Board acted on its own motion and matters which were referred back to the Board by the Courts.

[2] In 1986, 153 Orders and Decisions were issued by the Board. This reflects the fact that more than one Order or Decision is often issued in respect of the same application. In 1985 there were 396 Orders and Decisions issued. The lower number of Orders issued in 1986, compared to recent years is attributable to the effect of the Utility Statutes Amendment Act, proclaimed July 3, 1985, which virtually eliminated the need for applications for declaration orders described in line 6 above.

[3] Includes applications withdrawn by the applicant.

[4] Some applications reflected have been partially dealt with by Board Orders and Decisions but are not yet finalized.

PUBLIC UTILITY REGULATION

All Utilities, General

Utility Customer Energy Consumption

Appendix 3 to this Report includes a tabulation of increases in the average customer bills from the major energy supplying utilities under Board regulation, that is, the major electric utilities and natural gas utilities.

This tabulation assumes that the average residential customer uses 6,000 kilowatt-hours (kWh) of electricity and 227 gigajoules (GJ) (215,000 cubic feet) of natural gas annually. These were close to the actual average customer consumption figures in 1975. The constant consumption per customer is used so that Appendix 3 will reflect only the changes in a customer's bill resulting from Board approved rate changes.

This Report continues to use the same average consumption as used in previous Reports so that meaningful comparisons from year to year can be made. However, the Board is aware of changes in average energy consumption, and notes below some significant statistics.

The average annual electricity consumption since 1970 for residential customers of Alberta Power Limited was as follows:

Year	Consumption kWh	Year	Consumption kWh
1970	4870	1979	6717
1971	5142	1980	6588
1972	5476	1981	6530
1973	5566	1982	7000
1974	5846	1983	6689
1975	6192	1984	6933
1976	6274	1985	7137
1977	6338	1986	7140
1978	6630		

This represents an increase of 47% in the average annual consumption of electricity since 1970. Similarly, for TransAlta Utilities Corporation (formerly Calgary Power Ltd.), the average annual consumption figures show an increase in the same period from 4,527 kWh in 1970 to 7,531 kWh in 1986, an increase of 66%.

Turning to the change in the average annual consumption of natural gas, the Canadian Western Natural Gas Company Limited average annual consumption figures in the Calgary area for the years 1970 to 1986 were as follows:

Year	Consumption GJ	Year	Consumption GJ
1970	223	1979	189
1971	221	1980	189
1972	221	1981	186
1973	219	1982	184
1974	214	1983	179
1975	216	1984	173
1976	213	1985	171
1977	201	1986	170
1978	197		

Average annual consumption decreased approximately 24% over this period.

The average annual consumption for Northwestern Utilities Limited in the Edmonton area showed a similar decrease from 227 GJ in 1970 to 168 GJ in 1986.

If the Tables in Appendix 3 reflected these changing average annual consumptions rather than the assumed constant average annual consumptions, the average residential utility bills for gas would be lower than those shown and for electricity they would be higher.

Standards, Regulations and Practices

When a customer accepts natural gas or electricity service from a public utility serving him, he is subject to all the rules and regulations adopted by the utility, and these rules and regulations become a part of the contract between the customer and the utility. The Board's authority in this respect is set forth in Section 81(c) of the Public Utilities Board Act as follows:

> "The Board, either on its own initiative or on the application of a person having an interest, may by order in writing, which shall be made after giving notice to and hearing the parties interested,
>
> (c) fix just and reasonable standards, classifications, regulations, practices, measurements or service which shall be furnished, imposed, observed and followed thereafter by the owner of the public utility;"

The history of public utility service in Alberta has been that many utilities developed standards, regulations and practices independently and as a consequence, there were variations in the standards, regulations and practices imposed by the different utilities. The Board noted these differences and, with the objective of making more uniform the conditions of service throughout the Province, made the setting of standards, regulations and practices an item to be dealt with on each occasion that a utility appeared before it in a general rate application.

A number of matters are dealt with in the rules and regulations, such as guarantee deposits, due date of utility bills, when and under what circumstances a utility may discontinue service, the lack of access to the premises for meter reading, defective meters, disconnection and reconnection

fees, the point of delivery of the gas or electricity, and ownership of and the responsibility for repairs to that part of the system on the customer's premises.

The Board's objective in reviewing this subject with the utilities at the time of general rate applications is to assist the utilities, especially the smaller utilities, in having rules and regulations in effect which clearly state the basis on which service is provided. This is to the benefit of both the utility and the customer.

Non-Utility Activities

Until recently the investor owned utilities in Alberta devoted themselves almost exclusively to the provision of utility services to their customers, and their non-utility activities were generally confined to such minor areas as the sale and repair of utility appliances and the provision of minor construction work for customers ancillary to utility service. However, the trend which became obvious in 1980 and which continues, is for utility companies to expand into fields beyond the provision of utility services. While the regulator is not particularly concerned with such diversification per se, he must be satisfied that such ventures beyond the original purpose of the utility company do not jeopardize the ability of the company to provide safe and adequate utility services at just and reasonable rates and that such non-utility activities are not subsidized by the utility customers.

In an original cost rate base jurisdiction, as Alberta is, the regulator is not responsible for fixing the profitability for total company operations.

The regulator's responsibility is limited to fixing a fair return for utility operations.

In determining a rate base for the utility property of a regulated company, consideration must be given to whether or not the assets are used or required to be used to provide utility services to the public within the regulator's jurisdiction. The regulator must ensure that only those assets applicable to his jurisdiction are considered in the development of the utility rate base.

The regulator is particularly concerned about managerial decisions which may affect the ability of the company to provide safe and adequate utility service at just and reasonable rates. The decision to enter into non-utility activities and to make non-rate base investments is particularly scrutinized as to the effect such activities and investments have on the ability of the utility company to attract necessary capital at reasonable cost rates in order to meet its obligations to provide utility services.

Interventions and Costs

The Board relies upon informed and effective intervention from intervenors representing different classes of customers of the Utility to test the various aspects of the Utility's rate case.

Section 60 of the Public Utilities Board Act provides the Board with discretionary authority to order that costs incurred by the Utility and Intervenors in preparing for the rate case and presenting evidence and arguments before the Board should be paid by the Utility and recovered from the customers of the Utility through the rates. The Board encourages those who have a common interest in proceedings before the Board to combine and, or co-ordinate their presentation so as to minimize duplication.

Before exercising its discretion to award costs, the Board would consider among a number of criteria such questions as the effectiveness of the intervention, its relevancy to the issues, and whether the costs of the intervention had been reasonably and necessarily incurred. The Board is not required to award costs in whole or in part and has in the past disallowed applications for the approval of costs. Applications for costs are considered by the Board after the proceedings have been completed.

The Board encourages any individuals or organizations who may wish to intervene in any proceeding before the Board to contact Board staff for assistance and advice as to the manner of submitting a claim for the payment of costs of the proposed intervention.

Telecommunications Utilities

Alberta Government Telephones (1986/87 General Rate Application)

On May 26, 1986, the City of Calgary (Calgary) submitted an Application pursuant to Section 72 of the Public Utilities Board Act (PUB Act) for the Board to hold an investigation into all matters relating to rates, tolls and charges for service by Alberta Government Telephones (AGT), or alternatively, pursuant to Section 81 of the PUB Act, to order a hearing into just and reasonable rates, tolls and charges to be observed and followed by AGT. Based on information from previous hearings, Calgary alleged that AGT had earned excessive returns in 1985 and was projecting excessive returns in 1986.

A Pre-Hearing Conference was held on July 3, 1986 to examine the issues relevant to the Application. At the hearing, AGT stated that it would be filing a General Rate Application for the 1986, 1987 and 1988 test years before

November 3, 1986, which was approximately 30 days after the expected issuance of the AGT-City of Edmonton Arbitration Committee Report (the Report).

AGT filed its General Rate Application on November 3, 1986. Included in the Application was an Interim Application for individual line service to rural customers (RILS). AGT did not include any of the other evidence in support of the General Rate Application.

The Board held a Pre-hearing Conference on November 20, 1986 at which AGT stated the following: it wished to delete the 1988 test year from its General Rate Application; it wanted to have a hearing on RILS separate from the General Rate Application, and it planned to file by January 19, 1987, the evidence-in-chief in support of its Application.

The Board ruled that it would accept AGT's deletion of the 1988 test year and that it would wait for AGT to file all its supporting evidence on January 19, 1987 before setting dates for the hearing of the RILS Interim Application.

Alberta Government Telephones (Filings)

Filings which require Board approval deal with the deletion of basic services and other changes in rates or regulations associated with most basic services. Filings for acknowledgement deal with the introduction of new basic service offerings, changes in basic rates due to normal station growth or changes in Canada-Overseas Message Toll Rates (basic service). Filings for information involve a consolidation of previously approved or acknowledged filings for entry into AGT's tariffs, or miscellaneous information.

In 1986 the Board received 62 filings from AGT. Three of the filings required public hearings. The first filing involved an application for approval of the restructure of Alberta-British Columbia Message Toll Service (Alberta-B.C. MTS); the restructure of Conference Service Rates and Terms and Conditions of Service; the restructure of Wide Area Telephone Service (WATS) 10 hour and WATS 160 hour service; and changes to AGT's General Regulations and Terms and Conditions of Service (Filing 86-14). The second filing resulted in an Application by Cantel Inc. (Cantel) for certain orders relating to the terms and conditions for interconnection between AGT and Cantel, in the provision of Public Cellular Mobile Radio Systems - Network Access (Filing 86-09). The third filing involved changes to the terms and conditions of Extended Flat Rate Calling (EFRC) service (Filing 86-33).

Decision No. E86041 dated June 23, 1986 dealt with Filing 86-14. The Board approved AGT's proposed restructuring of Conference Service Rates and Terms and Conditions of Service, and the changes to the General Regulations and Terms and Conditions of Service. The Board, however, did not approve the proposed Alberta-B.C. MTS changes or the proposed WATS changes.

The proposed Alberta-B.C. MTS changes involved a restructuring of the rate schedule by increasing the call set up charge, changes to charges for operator assisted and person-to-person calls, extending the late night discount from the existing 12 midnight to 8 a.m. period to 11 p.m. to 8 a.m. period, introducing discounts to the computed message charge on person-to-person calls, reducing the number of rate bands from 11 to 9 and changing the message rate for certain rate bands. AGT stated that the proposed changes would result in an annualized revenue increase of $673,000.

AGT argued that the proposed change should be approved for the following reasons: This filing was similar to a previously approved filing (Alberta-Northwestel - Filing 85-55), the revenue effect was small, approval would provide administrative ease for revenue settlement purposes, the proposed structure was one which the telephone companies were working towards and resulted from negotiations between the two parties, and the majority of the calling was in the last mileage band which had no increase proposed.

In denying the proposed changes, the Board noted that the changes proposed were a change in rate level and rate structure. The Board also noted that the proposed changes resulted in an increase in revenue at a time when AGT has indicated that the trend in toll rates was towards lower rates. The Board did not consider administrative ease as a sufficient reason for approving the proposed changes when AGT had failed to demonstrate that the change was related to some desirable rate design criteria such as cost or value of service. The Board was, as well, concerned that a significant portion of AGT's MTS rates were being restructured on a piecemeal basis rather than as a comprehensive package in a General Rate Application.

The proposed changes to the WATS service involved the introduction of a tapered rate schedule for the 10 hour service that resulted in discounts to initial and subsequent time blocks, the replacement of the 160 hour service by a 120 hour service with the same rate, and overtime charges in one hour increments. AGT forecast an annualized revenue reduction of $676,300. AGT also indicated that the restructuring would result in little impact to low volume WATS 10 hour users, reduced charges for medium volume WATS 10 hour users, and higher charges for high volume WATS 160 hour users.

AGT argued that the proposed restructuring should be approved for the following reasons: other Canadian telephone companies had initiated the proposed changes, the proposed rate structure would reduce AGT's vulnerability to revenue losses from message toll competition via resale, WATS 10 service with its proposed rates would put AGT in a position to compete with any message toll competitor, most users would experience no change or would have decreased costs, and there was a demand for the proposed rates.

In rejecting the WATS proposal, the Board noted that AGT did not provide any evidence to substantiate its claim of a reduction in AGT's vulnerability to revenue losses from message toll competition. There was no evidence to support the statement that the proposed rates were in demand by customers. The Board also noted that although there were reductions in costs for some customers, other customers could have significant increases in costs and that because of this rate restructuring, the Board was not prepared to alter the WATS rate structure at this time.

The Board acknowledged Filing 86-09 on March 6, 1986. This Filing involved the introduction of a new Basic Service Offering, Public Cellular Mobile Radio Systems - Network Access Service which provides for the interconnection between AGT's switched network and a public cellular mobile radio-telephone system operated by a Cellular System Operator (CSO). AGT's Mobile Communications Division and Cantel (the CSOs) were chosen by the Federal Department of Communication (DOC) to provide cellular service to the public for the Calgary area. This Filing was applicable to the CSOs and addressed the Conditions of Service for interconnection required by the CSO to provide service to the public. The Filing stated that the implementation date would be six months after Board approval.

By letter dated May 20, 1986 Cantel made an application to the Board for certain orders to vary Filing 86-09. Cantel was concerned about several items in the filing that were further examined at a Pre-Hearing Conference on July 17, 1986. By letter dated July 22, 1986, Cantel made an interim application, pending the completion of the hearing of the application, for an order delaying the implementation of cellular telephone service. Cantel and AGT each filed evidence-in-chief and information requests. The Board heard the interim application on August 19 and 20, 1986. Board Decision No. E86059 dated September 4, 1986 granted Cantel an extension of the implementation date of Filing 86-09 to December 1, 1986. The Board considered that neither the interest of either party nor the public would be adversely affected by an extension of the implementation date. The main hearing of the Application took place on September 24 and 25, 1986.

Decision No. E86109 dated December 17, 1986 set interim rates and terms and conditions of service for interconnection between AGT and a CSO. The following are major changes the Board made to the Rates and Terms and Conditions of Service.

Item 7 of the Conditions of Service of Filing 86-09 involved the issue of connection of a CSO's system to exchanges other than those in the local calling area where the message originated. The Board considered that, within the context of Filing 86-09, the CSOs were customers of AGT and accordingly would be required to use the Public Switched Telephone Network for long distance calling.

Item 12 of the Conditions of Service incorporated, by reference, the terms and conditions detailed in a cellular interconnect agreement between AGT and the CSO. The Board considered that the service offering shall be in accordance with the tariff and terms and conditions approved by the Board. The Board, accordingly, decided that a reference to an interconnect agreement was not required and deleted the item from the terms and conditions of service.

The Board was not persuaded that the evidence submitted was sufficient to approve the rates proposed by AGT on a final basis. The Board considered there was sufficient evidence presented to justify the approval of the rates on an interim basis, subject to the Board's determination in AGT's General Rate Application.

The Board determined that each party should bear its own costs.

AGT, by Filing 86-33 dated July 23, 1986, applied to the Board for an order or orders approving changes to the terms and conditions of service applicable to Extended Flat Rate Calling (EFRC). The Board heard the application on August 21 and September 22, 1986.

The Application sought approval of certain changes to the terms and conditions of service applicable to EFRC, summarized as follows: communities would qualify for an EFRC ballot if there were a "community of interest" indicated as opposed to the existing requirement of a "strong community interest"; exchanges could be up to 65 km from the requested exchanges, an increase from 55 km; a ballot for customer approval would be required if the change in charges due to EFRC to individual residential customers was in excess of $1.00 per month, as opposed to the

existing level of $0.50 per month; and the elimination of the requirement that a requesting exchange not bypass a viable market centre.

In Decision No. E86083 dated October 31, 1986, the Board approved the proposed changes. The Board determined that the approval of the changes proposed by AGT did not constitute a rate increase but was an extension of service. The Board determined that approval of the extension of service did not constitute approval of the capital expenditures, operating costs, or a change in rates. These items could be examined in a forthcoming General Rate Application.

Electric Utilities

General

There are two major privately-owned electric utilities under full Board regulation in Alberta. TransAlta Utilities Corporation (TransAlta) serves approximately 288,000 customers directly and 293,000 indirectly (through wholesale contracts with municipally-owned electric power distribution systems), in the southern and central areas of the province. Alberta Power Limited (Alberta Power) serves approximately 138,700 customers in the northern and eastern areas of the province. Southern Utilities Limited, another privately-owned electric utility, which serves approximately 205 customers in Coutts, Alberta, is also under full Board regulation.

The City of Edmonton (Edmonton Power) owns and operates a fully integrated electric utility serving approximately 231,000 customers within its corporate limits. Since the enactment of the Electric Energy Marketing Act the Board has the responsibility for setting the price at which Edmonton Power sells electric energy to the Alberta Electric Energy Marketing Agency. The Board has no jurisdiction to fix Edmonton Power's customer rates.

Following are details of some applications which are of special interest either because of the nature of the problem the utility faced or the regulatory treatment given by the Board.

Particulars of the applications and highlights of the resulting orders are summarized in Section 2 of Appendix 1.

TransAlta Utilities Corporation

Subsequent to the issuance of Board Decision No. E85129 respecting Phase I matters pertaining to the April 12, 1985 General Rate Application of TransAlta Utilities Corporation (TransAlta), the company filed five applications on December 10, 1985 for fixing interim rates, final rates and riders, and for increasing the 1986 Revenue Requirement by the net cost of purchases from the Electric Energy Marketing Agency (EEMA).

The applications were heard in Calgary on January 3, 1986. Decisions E86004 and E86005 respecting these applications were issued on January 24, 1986. The former approved an increase of $15,922,000 to the 1986 Revenue Requirement, approved as final a rider to recover the 1985 revenue deficiency, and adjourned sine die an application for a special rate rider with respect to the Edmonton service area. The latter decision approved on an interim basis, rates and terms and conditions of service, and as well, approved on an interim basis, a rider to recover for 1986 any shortfall caused by a delay in the implementation of the rates.

In accordance with the schedule for Phase II matters agreed upon at the January 3, 1986 Pre-Hearing Conference, the company's evidence was heard on March 10-12, 1986 and that of the intervenors on May 27, 1986, both in the City of Calgary. The Board issued Phase II Decision No. E86051 on August 29, 1986, which fixed as final certain of the rates and terms and conditions of service previously approved in Decision No. E86005, and as well, approved new rates and changes to existing rates and terms and conditions of service.

The issues which received the greatest attention related to the new methodology employed in the cost of service study resulting from amendments to the EEMA legislation and regulations, and concerns raised by the City of Lethbridge respecting Wholesale Rate 850. With regard to the first issue, TransAlta, in order to maintain consistency in principle with EEMA, chose to depart from its traditional use of the non-coincident peak method of allocating demand related costs in favour of the peak responsibility method for allocation of those costs to Consumer Groups. The Board was generally satisfied with the methodology and considered that the approach taken by TransAlta was in line with its own reading of the amended EEMA legislation. With regard to Rate 850, Lethbridge took exception to provisions in the rate allowing for the billing demand being set by a summer peak, and the discrimination respecting the availability of demand ratchets to customers of different sizes. In the case of the former the Board agreed to the extent that the peak demand was not the result of poor power factor. The Board also concurred with Lethbridge that the demand block, which clearly was available only to Calgary, ought to be removed. In both cases the rate was adjusted without impacting the revenue forecast to be recovered through the rate.

PUBLIC UTILITY REGULATION

Alberta Power Limited

In 1986, Alberta Power was before the Board with respect to the following Proceedings:

(a) Continuation of the Proceeding initiated by the Board in 1984 to set just and reasonable rates for Alberta Power for the test years 1984 and 1985.

(b) An Application dated June 4, 1986 by Alberta Power for an increase in rates and for restructuring of existing rates, for the test years 1986 and 1987.

(a) Board Initiated Proceeding for 1984 and 1985 Test Years: In Decision No. E85144 dated December 20, 1985, the Board determined Alberta Power's rate base, fair return and revenue requirement for the 1984 and 1985 test years. The Board determined that, based on existing rates the 1984 and 1985 revenues would exceed the revenue requirement by $13,255,000 and $29,087,000 in 1984 and 1985 respectively.

Accordingly, the Board, by Interim Decision No. E86007 dated February 7, 1986 as amended, reduced Alberta Power's base rates and directed that the excess revenues collected by the company in 1984 and 1985 be refunded to its customers. Phase II Hearings for the determination of rates took place in the months of June and August, 1986. By Decision No. E86070 dated October 17, 1986 the Board approved final rates for 1984 and 1985.

(b) Alberta Power's Application for the 1986 and 1987 Test Years: In its Application Alberta Power requested rate increases to offset increased costs resulting from the commissioning of the Sheerness 1 Generating Station on January 1, 1986 and the construction of significant Transmission and Distribution facilities in order to meet existing and expected load growth and to be able to provide safe and reliable service. Alberta Power also requested a restructuring of its existing rates and an interim increase in rates effective October 1, 1986. Alberta Power's objectives with respect to the proposed rate restructuring were as follows:

- To incorporate the EEMA credit (Rider "F") as part of base rates.
- To consolidate and simplify existing rates.
- To move revenue cost ratios closer to unity.
- To reduce the rate differential between Alberta Power and other Alberta utilities.

The Board heard Alberta Power's Interim Application and Application for rate restructuring (Phase II) in August 1986 and issued Order No. E86071 dated October 1, 1986 approving restructured interim rates effective October 1, 1986. In Decision No. E86072 dated October 17, 1986 as amended, the Board provided reasons for the interim rates fixed by Order No. E86071.

For purposes of Interim rates the Board reduced the revenue requirement requested by Alberta Power by $18,526,000 in 1986 and $23,504,000 in 1987. These reductions reflect the disallowance by the Board of certain untested items included in the Application which the Board considered may or may not be approved after full examination of the Application and a reduction in the rate of return on common equity. The Board noted that the interim rates would generate additional revenue in 1986 equal to the 1986 interim revenue deficiency of $17,020,000 determined by the Board and additional revenue in 1987, $4,465,000 short of the 1987 interim revenue deficiency of $49,189,000 determined by the Board.

The restructured rates approved in Order No. E86071 include certain changes to the rates proposed by Alberta Power. These changes are described more fully in Section 2 of Appendix 1.

The Phase I Hearings for the determination of a rate base, fair return and revenue requirement for Alberta Power for the 1986 and 1987 test years commenced on December 1, 1986 and will continue in 1987.

Electric Energy Marketing Act

On September 1, 1982 the Electric Energy Marketing Act came into force. Since then, TransAlta Utilities Corporation (TransAlta), Alberta Power Limited (Alberta Power) and The City of Edmonton (Edmonton Power) have been required to sell to the Alberta Electric Energy Marketing Agency (the Agency) electric energy generated and transmitted by them, at a price set by the Board. These prices are set based upon the cost of generating and transmitting electric energy to the designated pooling interface points. The Agency has pooled these costs and resold the electric energy to the three utilities at an average price. By averaging generation and transmission costs, a measure of equalization of electric energy costs throughout Alberta is achieved.

The averaged price at which TransAlta and more recently Edmonton Power repurchase electric energy from the Agency is higher than the price at which they sell to the Agency. This has resulted in increases in the cost of electric energy. To ease the impact of such increases, the Alberta

Government established a shielding program which is intended to be ultimately phased out. The following amounts of shielding have been provided to date:

September 1, 1982 - August 31, 1983	100%
September 1, 1983 - August 31, 1984	80%
September 1, 1984 - August 31, 1986	60%
September 1, 1986 - March 31, 1987	40%

On November 13, 1984, the Electric Energy Marketing Amendment Act, 1984 came into force. The amendments provided that costs upstream of the pooling interfaces would be further separated by consumer groups as identified by Regulation. Provisions were also made for the forecast utility selling prices to the Agency to be retroactively adjusted based on the actual operating results of the utilities.

During 1986, Alberta Power received approximately $66 million in benefits arising from the Agency's operation which were passed through to its customers.

In contrast, the net costs to Edmonton Power and TransAlta arising from the Agency's operation were approximately $9 million and $36 million respectively after Government shielding.

On May 9, 1986, Alberta Power, Edmonton Power and TransAlta made a joint application for an Order or Orders of the Board adjusting the price for electric energy sold to the Agency in respect of each consumer group for the year 1985. These prices had previously been set by Board Orders E85029, E85030 and E85031 dated February 21, 1985.

Following a Pre-Hearing Conference, the Board by Resolution initiated a Board Staff Inquiry and Report. The purpose of the Inquiry and Report was to review and analyze in detail the information filed by the three owners respecting 1985, identify any errors, inconsistencies or other problems with respect to the facts and methods used to develop the filed costs and thus assist those persons having an interest. The Report was issued on August 15, 1986.

The hearing of the Adjustment Proceedings took place from October 14 to 24, 1986 and November 5 to 6, 1986.

On December 19, 1986 the Board issued Order No. E86100 adjusting the 1985 prices for energy sold to the Agency by Alberta Power, Edmonton Power and TransAlta. The prices were reduced in each case. The net effect of Order No. E86100 and the repooling by the Agency including income tax rebates was to reduce the transfer payments to Alberta Power and Edmonton Power from the Agency by $14.2 million and $13.6 million respectively in 1987. Conversely, TransAlta's transfer payment was increased by $13.0 million and Government shielding reduced by $14.8 million.

The Board's reasons in respect of Order No. E86100 and the directions for future filings were still forthcoming at year-end.

On October 31, 1986, the Board issued Orders No. E86080, E86081 and E86082 which set the price in respect of each consumer group at which Alberta Power, Edmonton Power and TransAlta respectively, shall sell electric energy to the Agency in 1987.

Water Utilities

On August 29, 1986 Lottie Lake Holdings Limited made an application to the Board for approval of the sale of its water utility system to the County of St. Paul No. 19 for the sum of $16,000. The Board, in Order No. E86067 dated September 24, 1986 approved the Application.

As at year end December 31, 1986, there was only one investor owned water utility under full Board jurisdiction (Sarcee Developments Ltd.).

Gas Utilities, General

Energy Pricing Agreement

On March 28, 1985, the Governments of Alberta, British Columbia and Saskatchewan announced an agreement with the Federal Government (the Western Accord) which essentially dismantled the National Energy Program. Following this accord, the Governments of the three provinces reached an agreement with the Federal Government on October 31, 1985 to facilitate a transition to market sensitive pricing for natural gas commencing on November 1, 1985 and which was implemented by November 1, 1986.

During the transition year, the Alberta Border Price was maintained at its existing level. In order to maintain the Toronto Wholesale Price at its existing level during this period, the November 1, 1985 TransCanada Pipeline toll increase was absorbed through the Market Development Incentive Program. This had the effect of reducing the unit export flowback available to those utilities who produced all or a portion of their natural gas requirements. Negotiated prices during the transition year were limited to new system sales, contracts which had expired, competitive market programs and direct sales where contract carriage was available.

On November 1, 1986 the new market pricing regime came into effect. As of that date, the Alberta Border Price was eliminated. The Natural Gas Marketing Act, which was

proclaimed October 30, 1986, set out procedures to be followed with respect to gas supply contracts where the price was unascertainable, in that the price had been previously calculated with reference to the now defunct Alberta Border Price.

No rate applications were filed during 1986 as a direct result of the October 31, 1985 Agreement on Natural Gas Markets and Prices. The major impacts of the Agreement are not expected to be known until sometime in 1987, as price renegotiations and arbitration proceedings are undertaken.

Changes in Customer Rates

During the first ten months of 1986, Alberta gas utilities generally purchased natural gas at the Alberta Border Price less the Alberta Cost of Service. However, they could claim a rebate of part of this cost from the Government of Alberta pursuant to the Natural Gas Rebates Act. The rebate was calculated as the difference between the purchase price (generally Alberta Border Price less the Alberta Cost of Service) and the Provincial Support Price (PSP). Accordingly, the net purchase price of natural gas was equivalent to the PSP. The Government of Alberta's policy prior to November 1, 1986 was to set the PSP at 65% of the Alberta Border Price.

There were no changes to the Alberta Border Price or the PSP from August 1, 1984 until the elimination of the Alberta Border Price on November 1, 1986. At year end, the PSP remained at its existing level.

There were no changes to customer rates in 1986 as a direct result of price deregulation. However, if as a result of price redeterminations or arbitration proceedings the price of natural gas were to fall below the PSP, decreases in customer rates could be anticipated.

Federal and Municipal Taxes included in a Customer's Annual Gas Bill

Prior to the introduction of the National Energy Program (NEP) on November 1, 1980 the Federal Tax component of a customer's bill was quite insignificant, being essentially the 5% of income taxes paid by the utility and not refunded to the utility for return to the customer. However, the NEP imposed a number of special taxes on natural gas that significantly increased the customer's bill. These reached a peak in 1982, and dropped significantly in 1983 and 1984. In 1984 the Natural Gas and Gas Liquids Tax was reduced to zero. In 1985 the Canadian Ownership Special Charge was cancelled, and in 1986 the Petroleum and Gas Revenue Tax was eliminated. This means that the Federal Tax component of a customer's bill returns to a comparatively insignificant amount.

Municipalities may agree to a franchise tax on gas utilities serving within their boundaries, in lieu of a property tax levy, and generally do so in the form of a percentage of the gross revenue of the utility realized within the municipality. In the large Alberta cities the rate is 10% of the gas bill including this revenue or franchise tax. The amount of this type of tax in a customer's bill rises or falls with any changes in the gas bill, including increases decreases resulting from the imposition or removal of taxes levied by other levels of government. Municipal taxes remained a comparatively significant component of most gas utility customers' bills in 1986.

The following table shows the impact of Federal and Municipal taxes on an average Edmonton residential customer's gas bill based on rates in place at the end of December in each of the years since 1979:

Year	Total Annual Bill (100%)	Federal Energy Taxes and Associated Income Tax Effects Included in Annual Bill (% as shown)	Municipal Taxes Included in Annual Bill (10%)
1979	$320.00	$—	$32.00
1980	$560.00	$ 63.00 (11%)	$56.00
1981	$600.00	$150.00 (25%)	$60.00
1982	$813.00	$182.00 (22%)	$81.30
1983	$744.00	$ 86.00 (12%)	$74.40
1984	$790.00	$ 42.00 (5%)	$79.00
1985	$765.00	$ 15.00 (2%)	$76.50
1986	$743.00	$ 8.00 (1.1%)	$74.30

Deregulation of Municipally-Owned Gas Utilities

On April 3, 1986, the Natural Gas Rebates Amendment Regulation was promulgated, enabling municipally-owned gas utilities to obtain rebates without the necessity of being fully regulated by the Board.

Consequently, the nineteen municipally-owned gas utilities which were under the Board's jurisdiction passed by-laws to repeal the original by-laws which had submitted the operations of their gas utilities to the control and orders of the Board. These by-laws were subsequently approved by Orders in Council.

As a result, the rates of these utilities are no longer approved by the Board. However, any customer receiving gas service from a municipally-owned gas utility who is aggrieved respecting service charges, rates or tolls may ap-

peal to the Board pursuant to Section 291 of the Municipal Government Act if such change: does not conform to the utility rate structure established by the municipality; has been improperly imposed; or is discriminatory.

Gas Utilities, Investor Owned

Northwestern Utilities Limited

The Phase I hearings respecting Northwestern Utilities Limited's (NUL) May, 1984 General Rate Application for the 1984 and 1985 test years were completed in December, 1984. The resolution of the Phase I portion of the Application was delayed as a result of an Application to the Board by NUL in January, 1985 that the evidence adduced by the witness for the Industrial Rate Intervenors be disregarded and struck from the proceedings on the basis that NUL might reasonably have an apprehension of bias or otherwise be deprived of natural justice. The matter was referred by the majority of the Division assigned to hear the Application to the Alberta Court of Appeal, pursuant to Section 13 of the Board's Rules of Practice, by means of a Special Case. Following the Court of Appeal's November 25, 1985 Memorandum of Judgement, one of the three members of the Division disqualified himself from any further consideration of matters dealing with the General Rate Application. The remaining two Members of the Division have continued to deal with the General Rate Application and all matters related thereto.

On February 11, 1986 the Board held a hearing to finalize any outstanding matters related to NUL's 1984/1985 General Rate Application. The release of written Arguments, previously filed with the Board in confidence, was agreed upon. Date for Reply Argument was set for March 7, 1986. NUL indicated that it expected to file its 1984/1985 actual results prior to the Board rendering its Phase I Decision. Such results were filed on March 25, 1986.

In response to applications received from two registered intervenors to reconvene the Phase I proceedings for purposes of considering the 1984/1985 actual results, the Board scheduled a hearing on May 6, 1986 to hear argument of counsel respecting the reopening of the Phase I proceedings to consider actual results.

In Order No. E86047 dated July 7, 1986 the Board concluded that the evidence respecting the actual results and forecasts and analysis thereof were among the important and relevant factors for the Board to take into account in making its determination of the forecast revenue requirement and prospective rates. Accordingly, the Board considered it appropriate to reconvene the Phase I proceedings to hear evidence and submissions respecting the 1984/1985 actual results of NUL. These reconvened Phase I hearings were held at the Board's offices in Edmonton on October 29 and 30, 1986.

The Phase I Decision was pending at year-end.

Canadian Western Natural Gas Company Limited

In April 1985, Canadian Western Natural Gas Company Limited (CWNG) filed an application for a rate increase. In Decision No. C85250 dated December 20, 1985, the Board determined and approved final Revenue Requirements for the 1985 and 1986 test years.

Order No. C86005 dated February 28, 1986 fixed and approved interim refundable deficiency riders effective on gas consumption from April 1, 1986 to November 30, 1986. These revenue deficiency riders together with the interim refundable rates approved in Order No. C85248 dated November 1, 1985 were forecast to generate additional revenues not exceeding the final Revenue Requirements approved in Decision No. C85250. These rates were subsequently reduced by Order No. C86022 dated October 6, 1986 and Order No. C86025 dated November 4, 1986 as the result of the elimination of the Petroleum and Gas Revenue Tax.

Subsequent to the hearing of Phase II of this Application, the Board issued Decision No. C86030 dated November 4, 1986 which approved, with certain exceptions, CWNG's fully distributed cost of service study.

In Order No. C86033 dated December 17, 1986, the Board fixed and approved final rates, tolls and charges (with the exception of Rate No. 9) based on the Board's findings in Decision No. C86030. Rate No. 9 (Transportation) was approved on an interim basis pending the results of the Natural Gas Transportation Rates Inquiry which was being conducted by the Board at that time.

ICG Utilities (Alberta) Ltd.

In January 1986, ICG Utilities (Alberta) Ltd. (ICG) filed an Application for a Review and Variance of Decision No. E85133, dated December 16, 1985, in which the Board had determined and approved the rate base, fair return and the utility revenue requirement for ICG, for the 1985 test year. ICG requested the review on the grounds that the Board's reduction in operating and maintenance expenses was contrary to the evidence before it. In Decision No. E86042, dated June 23, 1986, the Board considered, upon reviewing the representation of ICG at the Review and Variance Hearing of February 1986, that additional O&M expenses had been shown to be reasonable and necessary and

accordingly, the Board increased ICG's utility revenue requirement by $234,900 to a total of $37,666,841 on a forecast basis.

In February, 1986, ICG filed an Application for an increase in the income tax component of utility revenue requirement approved in Decision No. E85133, on the basis that the Board's calculation was in error. Order No. E86043, dated June 23, 1986 corrected the error in calculating the impact of the 5% federal tax surcharge of July, 1985, and increased the income tax component of utility revenue requirement by $118,661.

In July 1986, ICG filed a revised revenue deficiency calculation and new base rates, incorporating the Board's amendments to Decision No. E85133 referred to above. The Board issued Order No. E86056, dated August 13, 1986 approving the revised base rates and a revised deficiency rider.

In Decision No. E86052, dated July 29, 1986, the Board approved ICG's Application of April 1986, for a change in billing methodology, from a system based on volume (Mcf) to a system based on the energy consumed (GJ).

In Order No. E86084, dated October 31, 1986, the Board approved ICG's request for a reduction in base rates to reflect the elimination of the Petroleum and Gas Revenue Tax (PGRT).

Elk Point Gas, Ltd.

Elk Point Gas, Ltd. filed a general rate application for a rate increase on December 12, 1985.

Order No. E86021, dated April 21, 1986, fixed and approved interim refundable rates. In Decision No. E86064, dated October 2, 1986, the Board determined a rate base, fair return, revenue requirement and rates, tolls and charges for the 1986 and 1987 test years, and made certain amendments to the Company's standards, regulations and practices. The revenue requirement determined by the Board was approximately $35,500 less than requested by the Company for the 1986 test year, and some $20,000 less than requested for the 1987 test year. The total revenue requirement approved by the Board was $501,409 for 1986 and $588,023 for 1987.

Bonnyville Gas Company Limited

Bonnyville Gas Company Limited filed a general rate application on December 20, 1985.

In Decision No. E86016, dated April 21, 1986, the Board determined a rate base, fair return, revenue requirement and rates for the 1986 and 1987 test years, and made certain amendments to the Company's service regulations. The revenue requirement determined by the Board was approximately $40,000 less than requested by the Utility for the 1986 test year, and some $65,000 less than requested for the 1987 test year. The total revenue requirement approved by the Board was $1,094,341 for 1986 and $1,127,078 for 1987.

Utilities Not Offering Utility Services to the General Public

The Board's jurisdiction is derived principally from two Statutes, the Public Utilities Board Act and the Gas Utilities Act. In both of these Statutes there are definitions of a public utility and of a gas utility, and these definitions are so broad that they capture a great many firms or individuals whose operations do not fall within the generally conceived ambit of a public utility or a gas utility in that they do not serve the public with any conventional public utility services.

Prior to the enactment of the Utilities Statutes Amendment Act, the Board's practice had been to permit the widest possible latitude to those firms and individuals in the management of their affairs, provided however, that it could be demonstrated that the public interest was preserved and the interests of utility customers were not prejudiced. This was accomplished largely through orders declaring that such firms or individuals were not owners of public or gas utilities for the purposes of the two Statutes, thereby exempting them from the duties that would otherwise be imposed on them by parts or all of the Statutes. No such orders were issued by the Board in 1986.

The Board may also grant orders declaring that specific sections of the Statutes do not apply for the purposes of certain transactions which do not affect the general public. The Board considered five such applications in 1986, as detailed in Section 6 of Appendix 1.

The Utilities Statutes Amendment Act was proclaimed as of July 3, 1985. These amendments restricted the application of certain sections of the Public Utilities Board Act and the Gas Utilities Act dealing with the issuance of shares or bonds, or the sale, lease, mortgage, encumbrance or merger of utility property to those owners of public utilities and gas utilities designated by regulation. The amendment did not affect Section 99 of the Public Utilities Board Act which requires Board consent before the union of two or more utilities. Consequently, the Board still continues to receive a few applications as noted above from non-designated owners of public and/or gas utilities, as detailed in Section 6 of Appendix 1.

PUBLIC UTILITY REGULATION

General Supervision of Utilities

The Board is required by Statute to exercise a general supervision over utilities within its jurisdiction, and is empowered to make any investigations or inquiries necessary to satisfy itself as to the manner in which owners of such utilities are in compliance with the law.

Specifically, the Board is required to review the affairs, earnings and accounts of each utility for whom it has previously set rates, within three years of such rate setting, and it may review any utility at any time.

To ensure compliance with the mandatory review requirements, the Board selects utilities to be reviewed during a given year and authorizes technical staff analysts to proceed with the necessary inquiries in accordance with a predetermined schedule.

The consideration of a utility's general rate application also provides an opportunity for the necessary review through the public hearing process and the Board's determination of the utility rate base and fair return which require a thorough examination of the utility's operations. Consequently, the Board's review schedule is under constant revision as applications for approval of changes in rates are received and dealt with, thereby satisfying the formal review requirements.

Reports on the review of the affairs, earnings and accounts of the Town of Devon Gas Utility and of Orr Mineral Developments Ltd. were issued in 1986.

A Review of the affairs, earnings and accounts of Grande Prairie Transmission Co. Ltd. was in progress at year-end.

Customer Inquiries and Complaints

One important function of the Board is to respond to the variety of inquiries and complaints received from the public. In 1986, Board staff received a total of 196 telephone complaints and 82 written complaints, as well as a large number of general inquiries.

The Board's staff members make every effort to respond to inquiries and complaints in a prompt and informative manner. Telephone complaints are generally resolved either through the provision of information respecting utility rates and regulations, or by referral to the utility company in question for further information and/or discussion. Written complaints are usually investigated with the utility company, and in certain cases may require further consideration through the public hearing process.

Formal written complaints which require consideration by members of the Board are registered as applications to the Board pursuant to the Public Utilities Board Act and details of the applications received in 1986 are reported in Appendix 1.

Those applications which involve a regulated utility are listed in Appendix 1 in the section covering the type of utility involved, and then under the name of the utility against which the complaint was lodged.

Those applications made pursuant to the Municipal Government Act by customers of non-regulated municipally owned utilities are listed in Appendix 1, Section 7D.

In 1986, hearings were held or scheduled in connection with several of the formal written complaints submitted to the Board. These applications dealt with such matters as past high electrical billings by a municipally-owned utility due to wiring difficulties; disconnection of gas service as a result of the transfer of a disputed account to a customer's residential account; and a complaint respecting the rates, tolls or charges for carriage of natural gas.

Of the other 82 non-registered written complaints received, 31 dealt with rate increases, 20 concerned billing disputes, while installation charges, service problems and late payment penalties also generated some complaints.

Of the 196 telephone complaints received by the Board, 85 dealt with billing disputes, 27 concerned security deposits, 22 concerned rate increases, 14 were in connection with late payment penalties, 13 with respect to installation charges, 6 with service problems and the rest concerned a variety of other issues.

All of the verbal inquiries had been resolved by year-end. Two of the written inquiries were still under review as of December 31, 1986.

A partial breakdown of the complaints received follows, as well as an indication of the areas of concern. In addition, the Board received a number of verbal and written complaints of a general nature, which are not detailed in this table.

PUBLIC UTILITY REGULATION

Type of Utility	Nature of Complaint	Written	Verbal
Telephone	Billing Disputes	6	17
	Security Deposits	—	2
	Installation Charges	2	4
	Service Problems	2	2
	Miscellaneous	3	7
Electrical	Rate Increases	27	9
	Billing Disputes	6	11
	Security Deposits	—	4
	Installation Charges	1	3
	Miscellaneous	6	11
Natural Gas	Rate Increases	—	6
	Billing Disputes	10	51
	Security Deposits	—	18
	Late Payment Penalties	—	10
	Installation Charges	—	3
	Rates	—	3
	Miscellaneous	5	12

OTHER REGULATORY FUNCTIONS

Municipal Supply Contracts and Special Franchises

The Municipal Government Act deals with the subject of Municipalities entering into supply contracts and conferring special franchises in Section 279(1) which reads:

> "A council, with the approval of the Public Utilities Board, may
>
> (a) enter into a contract with a person undertaking to provide the municipality and its residents or part of the municipality and the residents of that part with a supply of telephones, transportation, light, power, natural gas, artificial gas, water and heat, or any of them, and
>
> (b) confer a special franchise upon that person in respect to the subject matter of the contract, for any period not in excess of 20 years."

The Municipal Government Act deals with the subject of Municipalities entering into contracts for supply to a municipally owned public utility in Section 280 which reads:

> "A council, with the approval of the Public Utilities Board, may enter into a contract with any person to supply light, power, natural gas, artificial gas or water to the municipality for the use of the municipal public utility for any period not in excess of 20 years."

Applications for approval under these sections coming before the Board dealt almost exclusively with franchises and contracts for the supply of electricity or gas.

Also included in this category are renewals of special franchises or supply contracts. Renewals are generally for a period of ten years. Section 281(2) of the Municipal Government Act stipulates that "any renewal may be for a period not exceeding ten years from the expiration of the contract".

Applications dealt with by the Board for such approvals are summarized in Section 7 of Appendix 1.

In 1986, the Board issued a decision regarding an application received from a municipality served by an investor owned gas utility which had annexed surrounding lands in which the gas consumers were served by a rural gas co-operative.

The Municipal Government Act, Section 281(4) states:

"When pursuant to this or any other Act, an area is or has been heretofore incorporated as, or annexed to, or included in a municipality;

> (a) a special franchise with respect to the area, or
>
> (b) a contract for the supply of light, power, natural gas or water to persons resident in the area, conferred or entered into by the governing authority previously having jurisdiction in the area and that has become operative therein shall be deemed to have been conferred or entered into on its original date by the council of the new municipality and to have become operative therein and sections 279 and 280 and this section apply, with all necessary modifications, to the special franchise or contract."

The Municipal Government Amendment Act 1983, which came into force on June 6, 1983 added a new section, 281.1 where subsections (1) and (2) state:

> "(1) Notwithstanding section 23, when all or a part of the franchise area of a rural gas utility as defined in the Rural Gas Act is annexed to a city, town, village or summer village, the franchise area shall be reduced by the area so annexed and the council of the city, town, village or summer village shall, within 1 year of the effective date of the annexation, decide whether or not the distributor who is the holder of the franchise area approval may continue to supply natural gas to the residents of the annexed area.
>
> (2) If the council decides that the distributor may continue to supply natural gas to the residents of the annexed area and the distributor agrees to do so, the city, town, village or summer village shall enter into a contract with the distributor and confer a special franchise on the distributor in accordance with section 279."

The Town of Three Hills applied for the Board's approval to enter into a natural gas supply and special franchise agreement with Three Hills Gas Co-op Ltd. concerning lands annexed after the coming into force of the amendment to the Municipal Government Act. ICG Utilities (Alberta) Ltd. (ICG), who serves the rest of the Town, opposed the application, arguing that its franchise agreement should be construed as including annexed areas of the Town from time to time. The Board found that ICG had no exclusive jurisdiction in the annexed area, and determined that it had the jurisdiction to consider the application of the Town pursuant to Section 281.1 of the Municipal Government Act. Furthermore, the Board considered that the Co-op was financially and otherwise able to provide safe and adequate service to the residents of the annexed area, and that the Co-op might suffer severe financial hardship should the

application be denied. Consequently, the application was approved by the Board in Order E86015 dated April 2, 1986.

Appeal of a Decision of the Director of Rebates Respecting Transportation Costs

On February 12, 1986, the Board received an application from the Town of Castor for a determination of transportation and metering costs between the point of delivery under its natural gas supply contract with Sulpetro Limited and the point at which the gas first becomes marketable as determined by the Director of Rebates, pursuant to Section 10 of the Natural Gas Rebates Regulations.

Section 10 of the Regulations states: "10(1) The Director may direct that for the purposes of calculating a rebate in respect of any marketable gas, the adjusted contract price shall be determined at

(a) a point in a gas field, or

(b) a point on a pipe line, or

(c) a point at a field gas processing plant, or

(d) any other point,

as though that point were the point of delivery to the vendor under the gas supply contract instead of the point of delivery provided for by the contract.

(2) The Director shall make a direction under subsection (1) having regard to the nature and value of the gas at the time it is recovered from a well.

(3) Where the Director makes a direction under subsection (1) he may determine the transportation costs per gigajoule between the point of delivery under the gas supply contract and the point determined under subsection (1) and adjust the contract price accordingly.

(4) Where a dispute arises with respect to the Director's determination of transportation costs under subsection (3), the Director or the vendor may refer the matter to the Board for its determination and the Director shall make the adjustment under subsection (3) using the Board's determination of the transportation costs."

In Order No. E86045 dated July 4, 1986, the Board reviewed the applicable legislation and concluded that it did not have any authority to review and vary the point of delivery as determined by the Director of Rebates pursuant to Section 10(1) of the Natural Gas Rebates Regulations, as requested by the Town. The Board considered that its jurisdiction was limited to a determination of transportation costs where a dispute arises with respect to the Director's determination of transportation cost between a point of delivery under a gas supply contract and the point of delivery as determined by the Director under section 10(1). The Board also took into consideration the fact that the Town was not left without remedy, as the Minister of Transportation and Utilities had designated a person to whom the Town could appeal the decision of the Director of Rebates. Accordingly, the Town's application was denied.

Subsequently, the Town's application was reviewed by the Deputy Minister of Transportation and Utilities, who varied the decision of the Director of Rebates respecting metering costs.

Milk Prices

Under the Dairy Board Act, the Board is charged with the responsibility of prescribing the minimum price of fluid milk that may be paid to producers, and also the minimum wholesale and retail prices of fluid milk and fluid milk products that may be charged by processors, distributors and sellers. It is important to note that these are MINIMUM prices.

In Decision No. E76104 dated August 16, 1976, the Board adopted the use of the fluid milk pricing formula developed with the assistance of the Production Economics Branch of the Alberta Agriculture Department and stated, inter alia:

> "The Board will continue to use formula pricing as a guide in fixing the minimum price to be paid to producers for Class 1 fluid milk.
>
> The Board reserves the right not to adjust the minimum producer price as indicated by the formula price if it finds that unusual circumstances prevail at any particular time. The performance and results of formula pricing will be monitored continuously, tested against the production cost study annually and reviewed at public hearings periodically in response to an application or upon the Board's own initiative."

In response to price changes indicated to be justified by the application of the pricing formula during 1986, the Board approved decreases in the minimum producer prices. These decreases resulted in simultaneous decreases in the minimum wholesale and retail prices of fluid milk products of one cent per litre on April 15, 1986, on October 1, 1986 and again on December 1, 1986.

OTHER REGULATORY FUNCTIONS

On November 25, 1983, the Board received an application from certain processors, distributors and sellers (processors/distributors) for approval of a three cents per litre increase in the minimum wholesale and retail prices of fluid milk and fluid milk products. On February 15, 1984 the processors/distributors requested the Board to delay the hearing and on March 5, 1984 the Board agreed to such a delay until further advised. On July 4, 1985, the processors/distributors filed material supplementary to the filed evidence of November 25, 1983 and requested the Board to set hearing dates at the earliest possible time.

On January 15, 1985, certain wholesalers and retailers (wholesalers/retailers) of fluid milk and fluid milk products filed an application with the Board for an increase in the prescribed minimum retail prices such that these retail prices would yield a 12% to 14% gross margin on retail sales of fluid milk and fluid milk products. The wholesalers/retailers submitted that in order to attain a gross margin of 12% to 14%, an increase of 6.2 cents to 8.2 cents a litre in the prescribed minimum retail price would be required.

Hearings with respect to the application by the processors/distributors were held on September 26, 27 and 30, 1985. Hearings respecting the application by the wholesalers/retailers commenced and concluded on September 30, 1985.

In Decision No. E86009 dated February 21, 1986 respecting the processors/distributors, the Board approved an increase in the minimum wholesale prices of fluid milk and fluid milk products of one cent per litre effective March 1, 1986. In Decision No. E86003 dated February 21, 1986 respecting the retailers/wholesalers, the Board approved a two cents per litre increase in the spread between the minimum wholesale prices and minimum retail prices. The spread between the minimum wholesale and the minimum retail prices is now six cents per litre. The effect of these two Decisions was to increase the minimum wholesale prices by one cent per litre and the minimum retail prices by three cents per litre effective March 1, 1986.

Orders resulting from the Board's milk pricing activities are summarized in Section 10 of Appendix 1. An historical tabulation of milk prices prescribed by the Board from 1970 to 1986 is attached as Appendix 4.

Complaints Under the NOVA, AN ALBERTA CORPORATION Act

The NOVA, AN ALBERTA CORPORATION Act provides in Section 37(2) that, upon complaint in writing of an interested party, the Board is responsible for determining the justness and reasonableness of the rates, tolls or other charges fixed or varied by NOVA, and by order in writing may vary or confirm the foregoing rates, tolls or other charges. No such complaints were received by the Board in 1986.

Appeals Under the Natural Gas Pricing Agreement Act

Section 8 of the Natural Gas Pricing Agreement Act provides that any determination or estimation of an Alberta cost of service made under that Act is subject to appeal to the Public Utilities Board.

Husky Oil Operations Ltd.

Husky Oil Operations Ltd. (Husky) appealed a December 23, 1977 Decision of the Alberta Petroleum Marketing Commission (APMC) on behalf of Husky, CanDel Oil Ltd., Canadian Propane Gas & Oil Canada Ltd. (the Savanna Creek Producers). The appeal related to a Determination by the APMC of the Alberta Cost of Service for Westcoast Transmission Company Limited (Westcoast) for the month of September, 1977. A similar appeal was launched by Husky with respect to the Alberta Cost of Service for Westcoast for the month of December, 1977.

On March 21, 1983, the Board issued Order No. E83061 which provided that the determinations or estimations of an Alberta Cost of Service with respect to the Savanna Creek gas should include only that portion of the total processing costs and charges of Saratoga determined in the ratio that the volume of the Savanna Creek acid gas bears to the total volume of acid gas processed in the Saratoga gas plant, said volumes to be estimated monthly and adjusted annually (thirteenth month adjustment). However, when only Savanna Creek raw gas is being processed through the Saratoga gas plant, the total of the fuel gas cost shall be assigned to the Savanna Creek gas; when both Savanna Creek raw gas and North Coleman raw gas are being processed through the Saratoga gas plant at the same time, or when neither is being processed, then 58.7% of the total fuel gas cost (based on volumes) shall be allocated to the Savanna Creek gas.

On December 11, 1985 the Court of Appeal issued its decision respecting the above appeal. The order has been referred back to the Board for clarification of the formula which allocates the cost of fuel gas. This matter has been held in abeyance at the request of Husky Oil Operations Ltd. and was not completed at the end of 1986. (See Appendix 6)

Canterra Energy Ltd.

On June 28, 1984, Canterra Energy Ltd. appealed APMC Determination No. 84-13 to the Board. On March 4, 1985 the Board issued Decision No. C85026. Leave to appeal

the Board's decision was granted on May 29, 1985 on the issue of whether the Board erred in exercising the discretion granted by Section 2(2) of The Natural Gas Pricing Agreement Act, in not establishing a separate category in the Consolidated Natural Gas Limited Alberta Cost of Service so that Canterra Energy Ltd. would not be required to bear all or any portion of the interest costs incurred in respect of the TOPCON Program. On May 2, 1986 Canterra Energy Ltd. filed a Notice of Discontinuance of Appeal respecting Decision No. C85026. (See Appendix 6)

Canterra Energy Ltd. also appealed APMC Determination 84-12 dated April 30, 1984 to the Board. The matter was adjourned sine die on September 6, 1984, and on May 5, 1986, Canterra Energy Ltd. gave notice to the Board that it wished to withdraw and discontinue its appeal from APMC Determination 84-12.

Signalta Resources Limited

Signalta Resources Limited appealed APMC Determination No. 84-15 dated July 10, 1984. On March 4, 1985 the Board issued Decision No. E85033 which was appealed by Signalta to the Court of Appeal. Leave to appeal was granted on July 11, 1985 upon the issue of whether the Board erred by failing to include Signalta's Gas Purchase Contract in subcategory D_1D_2 which resulted in the Gas Purchase Contract being categorized in subcategory D_1B_2, which category attracts financing costs for prepayment, contrary to Section 5.1(1)(c) of the Natural Gas Pricing Agreement Regulations. At year-end, the matter had not been heard by the Court of Appeal. (See Appendix 6).

Amoco Canada Petroleum Company Ltd.

On May 10, 1985, Amoco Canada Petroleum Company Ltd. appealed the APMC Determination for the December 1984 Alberta Cost of Service for TransCanada Pipelines Limited (TransCanada). Amoco Canada Petroleum Company Ltd. contends that the risk associated with take or pay provisions under its gas purchase contracts with TransCanada should be shared, or borne by TransCanada. On December 3, 1985 this appeal was adjourned sine die and was not completed by the end of 1986.

The Energy Resources Conservation Board Hearings

Order-in-Council 234/85 provides that certain members of the Public Utilities Board (PUB) are nominated as persons who may be named as Acting Members of the Energy Resources Conservation Board (ERCB).

No members of the PUB were involved in any ERCB hearings in 1986.

Appeals of Board Orders to the Alberta Court of Appeal and to the Supreme Court of Canada

Section 62 of the Public Utilities Board Act provides that an appeal may be taken from the Orders and Decisions of the Board to the Alberta Court of Appeal, and the Act specifically states "on a question of jurisdiction or on a question of law". Appeals from the decisions of the Alberta Court of Appeal may be taken, with leave, to the Supreme Court of Canada. Details of appeals of Board Orders and Decisions before the Courts at year end are set out in Appendix 6.

Special Telecommunication Tribunal

The Public Utilities Board Act was amended by the Telecommunications Statutes Amendment Act, 1985 being Chapter 52 of the Statutes of Alberta, 1985 to establish the Special Telecommunication Tribunal (STT) as agreed to by the Government of Alberta and the City of Edmonton.

Members of the STT at year end were Mr. D. Burrows, Mr. A. O. Ackroyd, Q.C., Mr. A. Jah and Mr. N. W. MacDonald. Dr. H. Harries, Alberta Government Telephones appointee died in 1986. No person had been named as of year end to replace him.

AGT filed an Application to the STT dated December 13, 1985 to settle all of the disputes between Alberta Government Telephones and 'edmonton telephones' relative to the Billing Agreement. AGT's Application was withdrawn on February 14, 1986.

Inquiries

Natural Gas Transportation Rates Inquiry

During the year the Board conducted the Natural Gas Transportation Rates Inquiry which had been initiated by the Board on July 9, 1986 by the following resolution:

> "BE IT RESOLVED that the Board by its own motion pursuant to Section 38(1) of the Public Utilities Board Act inquire into, hear and determine the terms and conditions to be used and the formula to be adopted for establishing transportation rates for the contract carriage of natural gas by those gas utility distributors who are subject to regulation by the Public Utilities Board."

A Pre-Hearing Conference was held on July 28 and 29, 1986 and the hearing commenced on October 6, 1986 and continued for 5 days concluding on November 10, 1986.

The main participants included the three major regional gas distributors, gas producers, industrial gas users, certain municipalities and an industry association.

OTHER REGULATORY FUNCTIONS

On December 30, 1986 the Board issued its Report No. E86110. Concurrent with its Report, the Board issued Order No. E86111 in order that its findings and conclusions might be implemented as soon as possible.

The key issues which were addressed in the proceedings were as follows:

(1) whether or not the gas distribution utilities, Northwestern Utilities Limited (NUL), Canadian Western Natural Gas Company Limited (CWNG) and ICG Utilities (Alberta) Ltd. (ICG) should provide firm short term transportation service i.e. for 1 year, 2 year and 3 year terms and the method for determining the rates for such services.

(2) the types of services to be offered.

(3) eligibility and conditions under which transportation services are to be provided.

(4) whether or not future transportation services of NUL and CWNG should be deregulated, as proposed by the utilities.

The major findings of the Board were as follows:

(1) the gas distribution utilities are to continue to provide contract carriage to their existing customers. Future transportation service offerings consisting of both long term and short term transportation service are to be provided by the gas distribution utilities and will be regulated by the Board.

(2) at the present time only producers and large industrial customers (non-core customers) are to be eligible for transportation service.

(3) the Board established the methodology for the determination of short term transportation rates based on a modification of CWNG/NUL's rate proposal, and these utilities along with ICG were directed to design rates, accordingly, and file them with the Board for approval.

(4) a deferral account is to be set up by CWNG/NUL to account for total transportation revenues in excess of the current transportation revenues forecast.

A Summary of the Natural Gas Transportation Rates Inquiry Report is provided in Appendix 1 to this Annual Report.

ADMINISTRATIVE FUNCTION

The Natural Gas Price Protection Plan

Pursuant to the Natural Gas Rebates Act, the Board performs an administrative function under the Natural Gas Price Protection Plan. The Board examines rebate applications and issues "Supply Certificates" and "Rates Certificates" which are required before the Director of Rebates can approve an application for Rebate. The number and type of rebate certificates issued in 1986 are summarized in Appendix 5.

Alberta consumers of natural gas continued to benefit in 1986 from the shielding from world market prices, provided by the Alberta Government's Natural Gas Price Protection Plan.

This program came into effect on January 1, 1974 and was revised effective September 1, 1980 and was continued for an additional three years from April 1, 1985. The program established a "Provincial Support Price" (PSP). The natural gas user pays for the cost of gas up to that level, and the cost of gas above the support price is rebated by the Alberta Government to the serving utility. Under the revised program, the Alberta Government's policy was to fix the PSP at 65% of the Alberta Border Price. The level of the PSP did not change in 1986, even after the elimination of the Alberta Border Price effective November 1, 1986.

Rebates may be paid on the first 1.055 petajoules (PJ) of natural gas, a quantity far in excess of the amount used by virtually any space heating customer. Generally, only petrochemical plants and electric generating utilities would use more.

The Plan provided a subsidy, equivalent to $0.709 per GJ at October 31, 1986, which was roughly equal to $160.94 per year to the customer using 227 GJ of natural gas annually. The subsidy was as low as $0.171 per GJ in early 1976, and its level as of October 31, 1986 was a high at $0.709 per GJ. The future level of the subsidy is unclear at this time, due to the deregulation of natural gas pricing effective November 1, 1986. If natural gas prices were to fall below the PSP, the subsidy would be effectively eliminated.

The PSP history is shown in the first column of the following table:

Date	Provincial Support Price (PSP)	Alberta[1] Regulated Field Price	PSP as a % of Alberta Regulated Field Price
January 1, 1974	16.70¢/MMBtu[2]	—	—
April 1, 1975	28.00	—	—
April 1, 1976	56.00	74.103¢/MMBtu	75.6
April 1, 1977	69.50	93.498	74.3
August 1, 1977	73.75	108.809	67.8
February 1, 1978	77.75	123.887	62.8
August 1, 1978	79.00	128.125	61.7
August 1, 1979	75.50¢/GJ	128.297¢/GJ	58.8
February 1, 1980	79.00	141.106	56.0
September 1, 1980	116.60	166.408	70.1
November 1, 1980	115.40	160.065	72.1
October 1, 1981	110.60	148.662	74.4
February 1, 1982	125.80	171.963	73.2
August 1, 1982	140.90	189.764	74.3
February 1, 1983	156.00	213.065	73.2
August 1, 1983	171.20	230.366	74.3
February 1, 1984	181.40	246.001	73.7
August 1, 1984	181.90	249.804	72.8
October 31, 1986	181.90	252.804	71.9
December 31, 1986	181.90	n/a	n/a

[1] The Alberta Regulated Field Price was derived by reducing the regulated price at the Alberta Border (the Alberta Border Price) by the amount of the "Alberta Cost of Service" determined by the Alberta Petroleum Marketing Commission.

[2] Assuming 1 MMBtu per Mcf for the PSP prices from January 1, 1974 to August 1, 1978 inclusive. Prices are expressed as cents/MMBtu from 1974 to 1978 (inclusive) and cents/gigajoule thereafter. (1 MMBtu = 1.054615 GJ).

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APPLICATIONS TO THE BOARD

SECTION 1: PUBLIC UTILITIES
Telecommunications

Data reported in order of registration number.

APPLICATION PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/ REGULATED ENTITY
(b) SUBJECT MATTER
(c) DISPOSITION/REFERENCE

ITEM NUMBER

1.01 (a) RE75003/E3.4.89-1A-1 (Costs) (Appeal)/E3.4.89-1A-2 (Costs) (Appeal)/Alberta Government Telephones

(b) (1) Decision E80104 dated July 30, 1980 was appealed to the Court of Appeal by the City of Edmonton and the Consumers' Association of Canada (Alberta). The Court of Appeal allowed the appeal on January 14, 1985 and referred the matter back to the Board for redetermination in conformity with the requirements of Section 7 of the Administrative Procedures Act.

(2) Decision E81004 dated January 9, 1981 was appealed to the Court of Appeal by the City of Edmonton. On January 14, 1985 the Court of Appeal set aside that portion of the decision which dealt with costs in respect of legal counsel to the City of Edmonton and referred the matter back to the Board for redetermination.

(c) (1) Order E86048 dated July 10, 1986 confirmed that the parties have agreed that all claims of the City of Edmonton and the Consumers' Association of Canada (Alberta) arising from Decision E80104 would be concluded, finalized and satisfied by payment by AGT of costs in the amount of $6,654.37 to the City of Edmonton and $16,459.37 to the Consumers' Association of Canada (Alberta).

(2) Order E86049 dated July 10, 1986 confirmed that the parties have agreed that all claims of the City of Edmonton would be concluded, finalized and satisfied by payment by AGT of costs to the City of Edmonton in the amount of $13,361.25.

1.02 (a) RE86004/E3.4.89-1A (Costs) R.V./Alberta Government Telephones

(b) Decision E80104 dated July 30, 1980 was appealed to the Court of Appeal by the City of Edmonton and the Consumers' Association of Canada (Alberta). The Court of Appeal allowed the appeal on January 14, 1985 and referred the matter back to the Board for redetermination in conformity with the requirements of Section 7 of the Administrative Procedures Act. As a result of the judgment of the Court of Appeal, the City of Edmonton and Consumers' Association of Canada agreed to a settlement of costs which was confirmed by the Board in Order E86048 dated July 10, 1986. Green Michaels & Associates had not been a party to the appeal, but requested that the Board review Decision E80104 and follow the same principles set out by the Court of Appeal.

(c) Order E86076 dated October 15, 1986 confirmed that all claims of Green Michaels & Associates arising from Decision E80104 would be concluded, finalized and satisfied by payment by Alberta Government Telephones of costs to Green Michaels & Associates in the amount of $4,000.00.

1.03 (a) RC86007/E3.4.89-73/Alberta Government Telephones

(b) Application by the City of Calgary for approval of a change in rates, tolls and charges.

(c) Held in abeyance pending the filing of evidence in connection with AGT's General Rate Application dated November 3, 1986.

1.04 (a) RE86020/E3.4.89-71/Alberta Government Telephones

(b) For approval to:

(1) restructure Alberta-British Columbia Message Toll Service (Alta-BC MTS);

(2) restructure Alberta-British Columbia Conference Service rates (Alta-BC Conference);

(3) restructure WATS 10 hour and WATS 160 hour service (WATS 10/160); and

(4) change the General Regulations and Terms and Conditions of Service (Terms and Conditions).

(c) (1) Decision E86041 dated June 23, 1986 approved the restructure of Alta-BC Conference rate and proposed changes to the Terms and Conditions. Restructure of Alta-BC MTS and WATS 10/160 was denied.

(2) **Alta-BC MTS**

The Board considered the proposed changes to represent a change in both rate level and rate structure. The Board noted that the Company had indicated MTS trends were toward lower rates and therefore an increase, however small, was inappropriate. The Board was not satisfied that administrative ease was sufficient reason to increase rates and the application was not demonstrated to be related to any desirable rate design criteria such as cost or value of service. Further, the Board expressed concern that a significant portion of the Company's MTS rates were being restructured on a piecemeal basis rather than as a comprehensive package in a General Rate Application. For these reasons the Board denied the restructure of Alta-BC MTS.

(3) **Alta-BC Conference Service Rates**

The Board accepted the Company's rationale that the proposed changes to Conference service rates were in recognition of cost. Accordingly the Board allowed the Company to institute a flat rate charge for each leg of a conference call which replaced the previous combination of a fixed plus variable rate.

(4) **WATS 10/WATS 160 Restructure**

The Board considered that the Company did not provide any evidence to substantiate its claim that the proposed rate structure would reduce the Company's vulnerability to revenue losses from MTS via resale. The Board noted that the proposed changes could result in significant rate increases within the WATS rate group and considered it inappropriate, based on the evidence, to alter the WATS rate structure. The Board denied the Company's application to restructure WATS.

(5) **Terms And Conditions**

The Board approved several minor changes proposed by the Company.

1.05 (a) RE86029/E3.4.89-72/Alberta Government Telephones (AGT)

(b) Application by Cantel Inc. (Cantel) for certain Orders relating to the Terms and Conditions of Service for connection between AGT and Cantel in the provision of Public Cellular Mobile Radio Systems - Network Access contained in AGT Filing 86-09 acknowledged by the Public Utilities Board (the Board) on March 6, 1986.

(c) (1) Interim Order E86059 dated September 4, 1986 granted an extension of the implementation date of Filing 86-09 to December 1, 1986. Decision E86109 dated December 17, 1986 set interim rates and Terms and Conditions of Service for connection between AGT and a Cellular System Operator (CSO).

(2) During the course of the proceedings, Cantel and AGT agreed, substantially, to wording changes of several items in the Service Descriptions and the Conditions of Service in Filing 86-09. The Board incorporated the wording changes into the Board approved Terms and Conditions of Service.

The remaining items were contentious items between Cantel and AGT and were dealt with by the Board.

(3) Item 7 of the Conditions of Service of Filing 86-09 did not allow a CSO's system access to exchanges other than those in the Local Calling Area where the message originated unless AGT's long distance network was used. The Board considered that within the context of Filing 86-09, the CSO's were customers of AGT. The CSO's, accordingly, were required to use the Public Switched Telephone Network for long distance calling.

(4) Item 12 of the Conditions of Service of Filing 86-09 incorporated, by reference, the terms and conditions detailed in a cellular interconnect agreement between AGT and the CSO. The Board considered that the service offering should be in accordance with the tariff and Terms and Conditions of Service approved by the Board. The Board, accordingly, decided that a reference to an interconnect agreement was not required and deleted Item 12 from the Terms and Conditions of Service. The Board further indicated that if either of the CSO's found that the lack of an interconnect agreement resulted in a party being unable to effect service, then the party concerned could initiate an application to the Board to further modify or change the Terms and Conditions of Service.

(5) The Board was not persuaded that the evidence submitted was sufficient to approve the rates proposed by AGT on a final basis. The Board considered that the evidence that had been presented was sufficient to justify the approval of the rates on an interim basis, subject to the Board's determination in AGT's General Rate Application.

(6) Items 2 through 4 inclusive of the Conditions of Service dealt with determining the access point to the network for the CSO, and AGT's and the CSO's responsibilities regarding facilities for the provision of service. The Board accepted Cantel's proposal to delete Items 2 through 4 inclusive and replace it with the revised Item 2 proposed by Cantel. This allowed network access at any location and in respect of such facilities and equipment of AGT as meet the standards proposed by the Federal Department of Communications' ad hoc Technical Committee on Cellular Radio Systems Interconnection. AGT had proposed the unilateral right to determine the interconnection point.

(7) The Board also determined other Items in dispute in the Conditions of Service.

(8) The Board determined that each party should bear its own costs.

1.06 (a) RE86054/E3.4.87(1)(c)-1/Alberta Government Telephones

(b) For approval to change terms and conditions applicable to Extended Flat Rate Calling (EFRC) service.

(c) (1) Decision E86083 dated October 31, 1986 approved changes to the terms and conditions for EFRC service as follows:

(A) Communities, would qualify for an EFRC ballot if there was a "community of interest" indicated as opposed to the existing requirement of a "strong community of interest".

(B) Requesting exchanges must be no further than 65 km from the requested exchange, an increase from 55 km.

(C) A ballot of customers in the requesting or requested exchange areas would be required only if the charges to an individual residential consumer would be in excess of $1.00 per month due to the provision of EFRC as opposed to the existing level of $0.50.

(D) The Company proposed the elimination of the requirement that a requesting exchange not bypass a viable market centre to have EFRC with a further town or city.

(2) The Board determined that the approval of such changes did not constitute a rate increase but merely an extension of service.

(3) The Board also determined that balloting procedures were acceptable but could be looked at in a General Rate Application.

(4) Intervenors wishing to submit costs were requested to submit their statement of claim to the Board and the Company. A hearing would be scheduled by the Board, if necessary. The Board was still awaiting costs submissions at year-end.

1.07 (a) RE86077/E3.4.89-74/Alberta Government Telephones

(b) In response to a letter from the Board, Alberta Government Telephones submitted an Application dated October 3, 1986 requesting an extension on the time for the filing of AGT's evidence in its forthcoming General Rate Application.

(c) By letter dated October 14, 1986, AGT withdrew its Application.

1.08 (a) RE86085/E3.4.89-75/Alberta Government Telephones

(b) For approval of a change in rates.

(c) In process at year-end.

SECTION 2: PUBLIC UTILITIES
Electric

Data reported in groups arranged alphabetically according to the name of the regulated utility to which the application refers, and within each group are arranged in order of registration number.

ITEM NUMBER	APPLICATION PARTICULARS
	(a) REGISTRATION NUMBER/FILE NUMBER/ REGULATED ENTITY
	(b) SUBJECT MATTER
	(c) DISPOSITION/REFERENCE

2.01 (a) RE84107/E3.5.89-45A/Alberta Power Limited

(b) The Board proceeding on its own motion, pursuant to Section 81 of the Public Utilities Board Act, RSA 1980, c. P-37 as amended, to fix rates, charges or schedules for electric power to customers within Alberta for the test years 1984 and 1985.

(c) (1) Decision E86070 dated October 17, 1986 approved the interim rates established in Order E86007 dated February 7, 1986 as amended by Order E86010 dated February 19, 1986 and E86014 dated March 12, 1986 as final rates.

The Decision confirmed the following:

(A) The amount of refund to be applied to customer rates was as determined in Decision E85144 ($42,342,000) less previous Rider J refunds and other adjustments. The Company had requested a $13,693,000 reduction to the refund.

(B) Rider F (Electric Energy Marketing Agency benefit) ought to be based on deemed upstream revenues and the practice of rebating on total revenues was inappropriate. The Board did not agree a full adjustment should be made to the Rural Electrification Association because their base rates were below cost for 1984/85. The Board will address the extent and method of adjustment in its concurrent Decision related to the Company's 1986/1987 application.

(C) The method of distribution of income tax rebates was beyond the jurisdiction of the Board.

(D) Rural Electrification Association demand and energy losses, a Rural Electrification Association irrigation rate, electric service regulations and Rider I were set over to concurrent Decision E86072 dated October 17, 1986.

(E) Provincial rebate Rider "B" was dropped because fuel costs in the application were net of rebate making it no longer applicable.

(2) In Decision E86018 dated March 27, 1986, the Board approved Phase I Intervenor costs in the amount of $488,961.24 to be paid by the Company. The Board also approved the amount of $488,961.24 for Intervenor costs and $147,658.14 for the Company's external rate hearing costs, to be borne by the customers of the Company.

Phase II costs were pending at year-end.

2.02 (a) RE85037/E3.5.3-1 R.V./Alberta Power Limited

(b) Application by the City of Calgary for a review and variance of Decision E85015.

(c) By letter dated July 31, 1986 the City of Calgary withdrew its application.

2.03 (a) RE86030/E3.5.87(1)(e)-27/Alberta Power Limited

(b) For an Order authorizing the issue and approving the purposes of the issue of 1,580,000 7.7% Cumulative Redeemable Second Preferred Shares Series L to Canadian Utilities Limited (CUL) to fund the sum of $39,500,000 received from CUL, to be used to redeem all outstanding Second Preferred Shares Series E.

(c) Order E86038 dated June 20, 1986 approved the issuance of the shares and the purposes of the issue.

2.04 (a) RE86036/E3.5.89-49/Alberta Power Limited

(b) Application by the Industrial Power Consumers Association of Alberta to adjourn the Proceeding initiated by the Board involving Alberta Power Limited, to enable interested parties a reasonable opportunity to assess certain material (Phase II) filed by Alberta Power Limited.

(c) Application withdrawn by the Applicant at the June 3, 1986 Alberta Power Limited Phase II, Part I hearing.

2.05 (a) RE86037/E3.5.89-50/Alberta Power Limited

(b) For an Order or Orders approving new rates and changes in existing rates, charges or schedules thereof for electric light, power or energy supplied by the Company to its customers and for approval of interim refundable rates.

(c) (1) **General**

(A) By Interim Order E86071 dated October 1, 1986 the Board approved interim rates effective October 1, 1986. Interim Decision E86072 dated October 17, 1986 as amended by Order E86096 dated November 7, 1986 provided reasons with respect to the interim rates set by the Board in Interim Decision E86071. The above mentioned Orders and Decisions dealt with two aspects of the Company's Application:

(i) the Application for interim rates; and

(ii) the Application for rate restructuring.

(B) The Board reduced the revenue requirement requested by the Company by $18,526,000 in 1986 and $23,504,000 in 1987 for purposes of the Interim Decision. The Board approved interim rates that would generate additional revenues in 1986, equal to the 1986 interim revenue deficiency of $17,020,000 determined by the Board and additional revenues in 1987, $4,465,000 short of the 1987 interim revenue deficiency of $49,189,000 determined by the Board.

(C) The Board considered that for purposes of interim rates, the revenue requirement proposed by the Company should be reduced by certain untested items included in the Application which might or might not be approved by the Board after full examination of the Application. The untested items disallowed by the Board included the following:

(i) change in the method of allocation of certain common costs between Sheerness Generating Units 1 and 2;

(ii) inclusion of a higher rate of return on common equity and higher rate of depreciation, for Sheerness Unit 1, than that allowed by the Board for TransAlta Utilities Corporation (TransAlta) for TransAlta's share of Sheerness Unit 1;

(iii) inclusion of a higher amount for amortization of Slave River Hydro site investigation costs than that allowed by the Board for TransAlta;

(iv) inclusion of Head Office Rental at a higher rental rate than that allowed by the Board in the 1984/85 General Rate Proceedings respecting the Company; and

(v) change in the depreciation rates for certain plant from that approved by the Board for the Company in the 1984/85 General Rate Proceedings.

(D) The Board considered further that for purposes of the Interim Decision, a rate of return on rate base common equity of 14% was appropriate.

(2) **Rate Restructuring**

(A) The Board approved the Company's Application for rate restructuring subject to certain changes which are described, among other matters, in the following paragraphs. The Company's objectives with respect to rate restructuring were as follows:

(i) incorporating the Electric Energy Marketing Agency credit (Rider "F") as part of base rates;

(ii) consolidating and simplifying existing rates;

(iii) bringing revenue cost ratios closer to unity; and

(iv) reducing the rate differential between the Company and the other Alberta utilities.

(B) The Board considered that the Company has taken a step towards the goal of achieving revenue cost ratios tending to unity and that those ratios were reasonable at this time. However the Board directed the Company to file rates, at the next General Rate Application, which reflect a definite movement of the associated revenue cost ratios towards the target range of 95% to 105%. In designing rates, the Company was directed to place primary reliance on the cost of service study and to consider other criteria only to the extent that they aided in bringing the revenue cost ratios into better balance. The Company was also directed to address the relationship between demand related costs and revenues and energy related costs and revenues.

(C) The Board approved the following changes to the proposed Rate No. 37 for Proctor & Gamble:

(i) a minimum charge, based on the expected contribution of the customer to system peak demand rather than on expected and actual contributions as proposed by the Company; and

(ii) on peak rating periods as follows:

October to March, 4:00 p.m. to 9:00 p.m., weekdays; and

April to September, 9:00 a.m. to 9:00 p.m., weekdays.

(D) With respect to concerns expressed by the Rural Electrification Associations that the Rural Electrification Association load losses determined by the Company were discriminatory in relation to Company Farms, the Board directed the Company to demonstrate at the next General Rate Application that the sample selection procedure used to carry out a load loss study for Rural Electrification Associations and Company Farms is appropriate.

(E) With respect to the proposed energy charge for Rural Electrification Associations' Rate No. 56, the Board considered that generally it is inappropriate to consider income tax rebate as a rate design criterion. In the absence of considering relative load losses in the design of the energy charge, the Board considered that the energy charge to Rural Electrification Associations and Company Farms should be equal. The Board adjusted the proposed Company Farms' rates accordingly.

(F) The Board considered that it is inappropriate to factor in Rural Electrification Associations' distribution costs and revenues which were not part of the Company's costs and revenues, in the design of rates.

(G) With respect to the Rural Electrification Associations' proposal that the Board should determine the appropriate method of distribution of income tax rebates, the Board considered that it did not have jurisdiction respecting income tax rebates.

(H) The Board considered that there may have been inequities in the method of application of the Electric Energy Marketing Agency credit rider (Rider "F") and that it would be appropriate to give partial relief to those customer classes that received less Rider "F" credit due to the application of Rider "F", based on revenues, by the Company. Accordingly the Board directed the Company to refund the balance amount remaining in the Electric Energy Marketing Agency Trust account by way of Rider "T" to the above mentioned customer classes.

(I) The Board directed the Company to address the issue of an appropriate irrigation rate for Rural Electrification Associations' customers, at the next General Rate Application.

(J) The Board was not persuaded that the differential between the Company's Lloydminster rates and its corresponding rates to other customers should widen under the proposed rates. Accordingly, the Board adjusted the Lloydminster rates to reflect the same differential relative to corresponding rates for other customers as that present under existing rates.

(K) The Board considered that since customers in Lloydminster, Alberta receive the benefit of income tax rebates and customers of Saskatchewan Power Corporation (SPC) have no income taxes included in their rates, it would be appropriate to bring in line the net bill paid by customers in Lloydminster, Saskatchewan with that of customers previously mentioned. Accordingly, the Board considered that the proposed Rider "S" which the Company designed for this purpose for Lloydminster, Saskatchewan, was not unduly preferential nor unjustly discriminatory. The Board therefore approved Rider "S".

(L) The Board directed the Company to provide a cost of service study with respect to Rate No. 36 (applicable to Canterra) at the time of the next General Rate Application.

(M) The Board approved the proposed peak reduction Riders "I", "K" and "L" and directed the Company to address the effect and usefulness of the above Riders at the time of the next General Rate Application.

(N) The Board fixed the percentage, by way of Rider "J", to refund 1984/85 excess revenues earned by the Company.

(3) **Electric Service Regulations**

The Board approved the Electric Service Regulations as proposed by the Company.

(4) **Phase I Proceedings**

The Phase I hearings were not completed at year-end.

2.06 (a) RE86081/E3.5.3/87/Alberta Power Limited

(b) The Board proceeding pursuant to the Electric Energy Marketing Act to set the price or pricing formula in respect of each consumer group at which Alberta Power Limited shall sell electric energy to the Electric Energy Marketing Agency during 1987.

(c) Approved/E86080 dated October 31, 1986.

2.07 (a) RE86091/E3.5.87(1)(e)-28/Alberta Power Limited

(b) For an Order approving the purposes of and authorizing the issue of 1,280,000 7.08% Cumulative Redeemable Second Preferred Shares Series M to Canadian Utilities Limited (CUL) to fund the sum of $32,000,000 received from CUL, to be used to redeem all outstanding 14% Second Preferred Shares Series F.

(c) Approved/E86104 dated December 30, 1986.

2.08 (a) RE86092/E3.5.87(1)(e)-29/Alberta Power Limited

(b) For an Order approving the purposes of and authorizing the issue of a 9.85% Debenture in the principal amount of $80,000,000 to Canadian Utilities Limited.

(c) Approved/E86103 dated December 30, 1986.

2.09 (a) RE86103/E3.5.87(1)(e)-30/Alberta Power Limited

(b) For an Order approving the purposes of and authorizing the issue of a 10.25% Debenture in the principal amount of $80,000,000 to Canadian Utilities Limited.

(c) Approved/E86115 dated December 30, 1986.

2.10 (a) RE82125/E3.6.87(1)(g)-5 (Appeal) Vol. 3/TransAlta Utilities Corporation

(b) Appeal re: Board Order E84116 dated October 12, 1984.

(c) The Judgement of the Court of Appeal dated February 12, 1986 referred the matter back to the Board. In process at year-end.

2.11 (a) RC83798/E3.6.89-11 (Appeal) Vol. 2/TransAlta Utilities Corporation

(b) Appeal re: Board Order E84140 dated November 27, 1984.

(c) The Judgement of the Court of Appeal dated February 12, 1986 referred the matter back to the Board. In process at year-end.

2.12 (a) RE85040/E3.6.89-16, 16 (Costs), 16B, 16B (Costs)/TransAlta Utilities Corporation

(b) Applications for an Order or Orders of the Board:

(1) (A) Approving a Special Rate Rider with respect to Edmonton Service Area (Application #1).

(B) Fixing a Total Revenue Requirement for 1986 including Net Cost of Agency (Application #2).

(C) Fixing a 1985 Deficiency Rider (Application #4).

(2) (A) Fixing Interim Adjustable Rates and Terms and Conditions of Electric Service (Application #3).

(B) Fixing a 1986 Rate Rider (Application #5).

(3) Approving payment of Intervenors' hearing costs in respect of Phase I of the Company's 1985/1986 General Rate Application.

(4) Approving new rates and changes in existing rates, charges or schedules thereof for electric light, power or energy furnished to its customers within Alberta.

(5) Approving the payment of Intervenors' hearing costs in respect of Phase II of the Company's 1985/1986 General Rate Application.

(c) (1) In its Decision E86004 dated January 24, 1986, the Board decided as follows:

(A) **Application #1**

The Board adjourned the application sine die to reflect the fact that the Company had yet to receive a favourable judgement respecting its appeal of the Board's treatment of the gain on sale of assets to Edmonton.

(B) **Application #2**

The Board approved an increase of $15,922,000 to the Revenue Requirement of $907,673,000 approved in Decision E85129 dated November 25, 1985, as amended by Order E86079 dated October 21, 1986. This increase represented the Company's estimate of the Net Cost of Agency and was made on the assumption of 60% shielding from January 1 to August 31, 1986 and of 40% from September 1, 1986 to year end. In view of these assumptions, Industrial Power Consumers Association of Alberta suggested that interim approval of the application would be appropriate. The Board, however, considered that no better information would be available at the time of the Phase II hearing.

(C) **Application #4**

The Company proposed to recover the 1985 Deficiency of $8,843,000 approved by the Board in Decision E85129 by means of a two part rider consisting of $1,231,000 in direct charges/credits to the Cities of Calgary, Lethbridge and Red Deer and the remainder recoverable by means of a 3.4% across the board rider applicable to billings, based on proposed interim 1986 rates, for consumption on and after February 1 to April 30, 1986. With respect to the latter the Company proposed to totally offset its impact on the customer through an equivalent increase in the Alberta Income Tax Rebate.

Inasmuch as the rider related to the 1985 deficiency the Board considered the three month recovery period acceptable. In addition the Board maintained the view that the Direct Levies should match the Cities' Compensation and therefore considered appropriate the Company's proposal for recovery of the shortfall in Direct Levies arising from the rates in 1985 having been maintained at 1984 levels. The Board noted that no direct impact of the rider would be felt by any customer.

(2) In its Decision E86005 dated January 24, 1986, the Board decided as follows:

(A) **Application #3**

The Company proposed interim adjustable rates, effective for all consumption on and after February 1,

1986, which reflected a considerable amount of restructuring to give effect to the three consumer groups introduced as a result of changes to the Electric Energy Marketing Agency legislation. In order to offset the large rate increases to both Red Deer and Lethbridge attributable to the restructuring, the Provincial Government has agreed to offset the amount of the increase exceeding the average increase to wholesale customers, evidence of which was filed by the Company. Both Red Deer and Lethbridge voiced strong opposition to the restructuring and urged the Board to adopt an interim across the board increase pending thorough testing of the application during Phase II.

The Board, while it recognized the considerable degree of untested restructuring, nevertheless agreed with the Company that a considerable amount of time had elapsed without the Company's cost of service study reflecting the Agency's three customer groups. The Board was also concerned that an across the board increase might be in conflict with the regulations passed pursuant to the Electric Energy Marketing Agency Act. The Board therefore fixed the rates and terms and conditions of service proposed by the Company on an interim and adjustable basis.

(B) **Application #5**

TransAlta sought final approval for a 3.75% across the board rider, applicable to all billings at proposed interim rates in respect of consumption on and after February 1, 1986 to April 30, 1986, which would recover the amount of the 1986 Revenue Requirement that was foregone due to the new rates being delayed to February 1, 1986. The Company proposed to offset this rider by an equivalent increase in the Alberta Income Tax Rebate. Several of the Intervenors opposed the rider on the grounds of the rate structure not having been tested, the need for the revenue generated by the rider, subsidization of certain customers, etc.

Although satisfied with the Company's derivation of the deficiency and the rider itself, the Board was concerned that the deficiency, being a function of the rate structure, could change following a complete testing of the application. Therefore, the Board approved both the forecast deficiency and the 1986 Rate Rider on an interim and adjustable basis.

(3) In Decision E85129 the Board approved total forecast hearing costs for Phase I and Phase II amounting to $1,060,503 which was comprised of $662,503 in its Reserve for Rate Adjustments and $418,000 of additional forecast. The total external costs submitted by the Company were $679,964 (excluding $10,000 of photocopying costs); total Intervenor costs amounted to some $540,150. Since the Board considered the $1,080,503 to be sufficient for the 1985/86 General Rate Application, the amount by which combined Intervenor and TransAlta external costs for Phase I and II exceed this amount will be borne by the shareholders. The Company voiced no objection to this.

In its Decision E86006 dated January 24, 1986, the Board ordered the Company to pay Intervenor costs in the amount of $540,149.55 and considered that charging the Company's customers for this amount was fair, just and reasonable.

(4) (A) **General**

Phase II Decision E86051 dated August 29, 1986 fixed as final certain of the rates, tolls or charges and Terms and Conditions of Electric Service approved on an interim basis in Decision E86005; and approved as new rates and changes in existing rates and Terms and Conditions of Service the following: Irrigation Supply Rate F-510, Wholesale Supply Rate 850, and Clause 27 of the Terms and Conditions of Service.

(B) **Issues**

Issues were raised by the Intervenors and the Board with respect to the following: rate design; cost of service study; revenue level between rate classes; individual rates; impact of Electric Energy Marketing Agency; and other matters. Primarily, the concerns of the Intervenors were directed toward the new methodology employed in the cost of service study resulting from the amended Electric Energy Marketing Agency legislation and issues raised by the City of Lethbridge respecting the Wholesale Supply Rate 850.

(C) **Rate Design**

Single Residential Rate 190

By combining Residential Rates 160 and 170 into Rate 190, the Company had fully complied with the direction contained in Decision E83056 respecting the evolution of a single residential rate.

Allocation Of Demand Related Costs To The Demand Charge Component

Industrial Power Consumers Association of Alberta raised the issue that the revenues from the demand/energy components of the Company's rates bore little resemblance to the demand/energy costs as determined in the cost of service study. In concurring with Industrial Power Consumers Association of Alberta's position, the Board directed the Company to address this matter on a rate class by rate class basis.

(D) **Cost Of Service Study**

New Methodology/Peak Responsibility Method

As a result of amendments to the Electric Energy Marketing Agency legislation and the Agency's method of allocating costs to Consumer Groups, the Company, in order to maintain consistency in principle with the Agency, adopted the peak responsibility method for allocating the costs out of the Agency respecting the three Consumer Groups to the rate classes comprising the Consumer Group. In addition, the Company in accordance with Section 83(2) of the Public Utilities Board Act treated the costs out of the Agency as the deemed upstream costs, to which were added the downstream costs allocated by the non-coincident peak method to arrive at the costs to each rate class.

The positions of the Intervenors can be summarized as follows. Calgary advocated continued use of the non-coincident peak method; Red Deer considered the traditional method involving allocation to voltage levels to be more appropriate; Cominco/Manville claimed the new methodology improperly accounted

for interruptibility and high voltage service; Lethbridge emphasized the lack of testing of the allocation of upstream costs as well as inconsistencies respecting the peak responsibility method; and Industrial Power Consumers Association of Alberta considered the "rolling in" of the Net Cost of Agency to be inappropriate. The Rural Electrification Associations and Municipal Districts and Counties, Cominco/Manville and Industrial Power Consumers Association of Alberta all supported the use of the peak responsibility method in the cost of service study.

The Board was generally satisfied with the methodology and use made by the Company of its 1986 cost of service study in the design of its rates, and considered that the approach taken by the Company was in line with its own reading of the amended Electric Energy Marketing Agency legislation. Nevertheless, the Company was directed to address several legitimate concerns raised by the Intervenors.

Weighting Factors For The Allocation Of Marketing Expenses

The Company was directed to update the weighting factors used to allocate Marketing Expenses to the various rate classes.

Residential Load Factors

The Board noted the Company's use of a residential load factor based on a load research study conducted by Alberta Power Limited. Since the Company, in response to a previous Board direction, is currently undertaking a load research study of its own, the Company has been directed to use the results of this study or, at least, data relevant to the Company system.

Unaccounted For Distribution Losses

Calgary identified that certain "unaccounted for" distribution losses have been allocated to upstream customers even though such customers own their distribution facilities. Although the Company took the position that such losses cannot be readily identified, the Board directed the Company to justify the amounts so allocated.

(E) **Revenue Level Between Rate Classes**

Annual Increases To Wholesale Customers

In its submission to the Phase II, Part 2 section of the hearing, Lethbridge took exception both to a history of annual increases, which it claimed were much higher than those of any other revenue category, and to the rate increase proposed for 1986. With respect to the latter, the Board accepted the Company's explanation that the relatively large cost increase was attributable to cost sharing to the 25 kV level as provided for in the amended Electric Energy Marketing Agency legislation. Respecting the former the Board considered that increases approved in the past were not a factor in determining the level of increase in the subject application.

With respect to Lethbridge's position that no information was available respecting upstream cost allocations, the Board noted the invitation contained in the covering letter with Electric Energy Marketing Agency Price Order E85120 dated October 15, 1985 to all Intervenors to request the information upon which the Board relied in setting the prices.

(F) **Individual Rates**

Revenue Cost Ratio For Residential And General Service Customers

Contrary to the Board's direction contained in Decision E84070, the disparity between the revenue cost ratio of residential (82.64%) and general service (137.2%) customers has widened despite the fact that cost sharing in accordance with the amended Electric Energy Marketing Agency legislation would suggest the opposite. The Company argued that an improvement in the residential revenue cost ratio was restricted by the maximum allowable increase (12%) to customers previously on Rate 170. This, the company claimed, limited the overall increase to Residential Customers to less than the average increase. The Board agreed with the Intervenors that residential customers are protected by subsidization from the realities of the Electric Energy Marketing environment. Accordingly, the Board directed the Company to make a definite movement toward the 95% to 105% target revenue cost ratios of these customer classes at the time of its next General Rate Application, and furthermore, to rely on criteria other than cost of service only to the extent that they help to reduce the present disparity.

Irrigation Pumping

Rural Electrification Association Supply

The Board approved Rate F-150 as a new rate applicable to motor driven pumping loads serviced through the facilities of a Rural Electrification Association rather than the Company.

Industrial Rate 700

Temporary Energy

During the hearing the benefits of this rate, applicable to energy over and above what would normally be taken, were established. The Board had concern, however, that no revenues had been forecast in this regard in either 1985 or 1986. Since sales in 1985 had amounted to roughly $2 million, and since two transactions had already occurred in 1986, the Board directed the Company to include in its next General Rate Application a forecast of sales with respect to Rate 700.

Wholesale Rate 850

Demand Charges For Off Peak (Summer) Load

In its submission, Lethbridge took exception to its demand ratchet being set by a summer peak load, this being counter to the principle of peak responsibility which allocates demand costs based on the contribution to a system peak that is established in the winter. The Company argued that Lethbridge's summer peak was due to poor power factor and rather than being based on metered kilowatts was based on 90% of kilovolt-amperes. This, the Company stated, was the reason for setting a billing demand based on a sum-

mer peak. The Board considered, to the extent that poor power factor is the cause of higher billing demand, that Lethbridge should incur the "penalty" of higher charges. However, the Board considered that a new billing demand should not be established provided the summer peak represented metered kilowatts at a power factor of at least 90%. Accordingly, the Board amended Rate 850 to reflect this intent.

In making the above adjustment, the Board noted that no rate increase would result since the Company had not forecast any amount in respect of the "penalty" revenue. Since the Company stated that a billing demand resulting from poor power factor increased the need for transmission facilities, the Board directed that any penalty revenue earned by the Company should be recorded as a customer contribution.

Method Of Calculating Kilowatt Demand In Rate 850

In its submission, Lethbridge pointed out that the provision in Rate 850 for billing demand to be established based on the average of the three highest readings in a 36 month period resulted from a Power Supply Agreement between the Company and Calgary. In order to qualify for such treatment, a wholesale customer required a load of 550 MW. Otherwise, billing demand was based on a one year 100 percent ratchet. Lethbridge argued that the 550 MW demand block was discriminatory since the Electric Energy Marketing Agency had equalized the rate to the Company in respect of each wholesale customer. Calgary argued that this was not true because of its different mix of customers and, furthermore, that the Company enjoyed revenue stability because of the 550 MW block. The Board agreed with Lethbridge to the extent that the 550 MW demand block, clearly being available to Calgary only, was discriminatory. In eliminating this block, the Board required all Rate 850 customers to be subject to the 12 month, 100 percent demand ratchet provision. A uniform percentage reduction was made to both the demand and energy components of the rate in order to maintain the same level of wholesale revenues. The Company was directed to adjust its billings retroactively from February 1, 1986.

Power Factor Credit For Wholesale Customers

Calgary expressed a concern that Rate 850, unlike Industrial Rates 780 and 790, contains no provision to credit a customer for power factors in excess of 90%. The Company argued that the incentive to increase power factors to 90% is ten times as great as that for improvement beyond 90%, and furthermore that the former is available to Rate 850 customers. The Board considered, to the extent that higher power factors can reduce system costs, that such a credit could be worthwhile and therefore directed the Company to address this issue at its next General Rate Application.

(G) **Impact Of Amendments To The Electric Energy Marketing Act**

Allocation Of Costs Within Consumer Groups

The Company reflected the sharing of costs between rate classes within a Consumer Group by applying the average demand/energy charge(s) for the Consumer Group to the demand at system peak/energy consumption of the rate class within the Consumer Group. While several Intervenors recommended use of the non-coincident peak method or an allocation by voltage levels, the Board considered that the Company's treatment reflected an appropriate sharing of the costs within a Consumer Group in much the same way as the previous Electric Energy Marketing Agency legislation required costs to be shared between customers having regionally diverse characteristics.

Cost Sharing To The 25 kV Level

Amendments to the Electric Energy Marketing Agency legislation require that the upstream pooled cost of service shall include the costs associated with facilities down to the 25 kV level. For the Cities of Calgary, Red Deer and Lethbridge this means a "rolling in" of the costs associated with their upstream facilities between the city gate and the 25 kV interface. It also means that the Direct Levy previously charged by the Company, which matched the cost of the cities' transmission, is eliminated. While Red Deer and Lethbridge appear to incur much larger than average increases, the benefits are as follows: reduced costs of the cities' transmission through the pooling process; greater amounts of income tax rebate since costs are recovered by rates rather than by Direct Levy; offsetting payments for 1986 to reduce the increase to the average for the wholesale group; and full payment by the Agency of the Cities' Compensation. While several Intervenors argued that the Electric Energy Marketing Agency legislation by shifting costs to the wholesale customers caused an apparent decline in the revenue cost ratio, the Board considered that an increase to reflect cost sharing to the 25 kV level was appropriate and complied with the language of the amended Electric Energy Marketing Act.

Format Of The COS Study

Industrial Power Consumers Association of Alberta recommended that the Company's Cost of Service Study, as it relates to upstream costs, separately identify both the Company's system costs and those costs representing the Net Cost of Agency. The Board considered that the Net Cost of Agency, being another component of the Revenue Requirement, and therefore "rolled into" the deemed cost out of the Agency, no longer maintains its separately identifiable special levy status.

(H) **Other Matters**

Terms And Conditions Of Electric Service

In response to an undertaking initiated by the Board, the Company revised Section 27.2 of its Terms and Conditions of Service relating to wiring and metering to conform with the Electrical Protection Act.

Special Levy Reconciliation

In view of the fact that the Company was still receiving additions to the Special Levy, despite the rate of the levy having been set to zero effective May 1, 1984, the Company was directed to provide both an explanation and reconciliation of the monies received to date.

Income Tax Rebates

The Rural Electrification Associations and the Municipal Districts and Counties recommended that the method of rebate should be structured to tie upstream rebates to upstream costs and downstream rebates to downstream costs and to recognize revenue cost ratios. The Board considered that it did not have jurisdiction respecting income tax rebates and that such rebates are not part of the rates of the utility companies which are approved by the Board.

Hearing Costs

The only Intervenors to submit claims for hearing costs were the Rural Electrification Associations and Municipal Districts and Counties. Upon review of the contribution made by these Intervenors, the Board ordered the Company to pay the costs as claimed.

(5) In Decision E85129 the Board approved an amount of $1,080,503 in respect of the Company's Phase I and Phase II rate hearing costs. Intervenors' Phase I costs in the amount of $540,149.55 were approved by the Board in Order E86006.

In Decision E86051 the Board approved payment by the Company of the Phase II hearing costs as submitted by the Alberta Association of Municipal Districts and Counties and the Alberta Rural Electrification Associations.

In its Order E86077 dated December 30, 1986 the Board approved for payment by the Company of the Phase II hearing costs as submitted by the City of Calgary, the City of Red Deer, the Industrial Power Consumers Association of Alberta and Cominco/Mannville. The total Phase II Intervenors' hearing costs approved by the Board in Decision E86051 and Order E86077 amount to $223,250.57. The City of Lethbridge indicated that it did not wish to seek recovery of its Phase II hearing costs.

2.13 (a) RE85071/E3.6.89-11B R.V./TransAlta Utilities Corporation

(b) Application by the City of Calgary for a review and variance of Decision E85096.

(c) By letter dated August 6, 1986 the City of Calgary withdrew its application.

2.14 (a) RE86001/E3.6.2 T.D. 1/TransAlta Utilities Corporation

(b) Application by Wilbur A. Goldstrom, the Manager and Director of Dorwill Acres Trailer Park and Riverside Campground Ltd. (the Applicant), for a calculation of the amounts owing to the Applicant as a result of Board Order C85244 dated September 18, 1985.

(c) In Decision C86003 dated March 6, 1986 the Board found that the service to the Applicant was in effect prior to the time when the Company decided to phase out Multi-Residential Rates. Since the Applicant's operation involved bulk metering, the Multi-Residential Rate should have been charged to the Applicant at all relevant times and this would mean that the Applicant would have been responsible for a monthly service charge for each dwelling unit whether or not such unit were occupied. Accordingly, the Board ordered that in calculating the amounts which should have been charged under the Residential Rate since the time in 1981 when the Company commenced charging the Industrial Rate, the Company should charge fourteen monthly service charges to the Applicant.

The Board also ordered that:

(1) No interest would be payable on the amounts payable by the Company to the Applicant.

(2) Each party would bear its own costs of this application.

(3) Upon the Company and the Applicant reaching agreement as to the amount, if any, payable to the Applicant by the Company, the Applicant would forthwith remit to its tenants, or former tenants, where practical, the proportionate amount of any income tax rebate credited to the Applicant by the Company since 1981.

2.15 (a) RC86004/E3.6.89-18/TransAlta Utilities Corporation

(b) For approval of a change in the street light surcharge in the Banff Townsite.

(c) In process at year-end.

2.16 (a) RC86009/C3.6.87(1)(e) & (g)-9/TransAlta Utilities Corporation

(b) For an Order approving the purposes of and authorizing the issue of $100,000,000 principal amount of 9 5/8% secured debentures, Series L and approving the mortgage and encumbrance of the Company's property and assets.

(c) Approved/C86009 dated July 30, 1986.

2.17 (a) RC86039/C3.6.87(1)(e)-48/TransAlta Utilities Corporation

(b) For approval of the purposes of and authorizing the issue of 4,000,000 7.08% First Preferred Shares to raise the sum of $100,000,000.

(c) In process at year-end.

2.18 (a) RE86080/E3.6.3/87/TransAlta Utilities Corporation

(b) The Board proceeding on its own motion pursuant to the Electric Energy Marketing Act to set the price or pricing formula in respect of each consumer group at which TransAlta Utilities Corporation shall sell electric energy to the Electric Energy Marketing Agency during 1987.

(c) Approved/E86082 dated October 31, 1986.

SECTION 3: PUBLIC UTILITIES
Water

Data reported in groups arranged alphabetically according to the name of the regulated utility to which the application refers, and within each group are arranged in order of registration number.

ITEM NUMBER

APPLICATION PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/ REGULATED ENTITY
(b) SUBJECT MATTER
(c) DISPOSITION/REFERENCE

3.01 (a) RE86055/E3.315.87(1)(g)/Lottie Lake Holdings Limited

(b) For approval of the sale of its water utility system to the County of St. Paul No. 19.

(c) By Order E86067 dated September 24, 1986, the Board approved the sale of Lottie Lake Holdings' water utility system to the County for a sum of $16,000.

The County was expected to incur additional costs to upgrade the existing water supply and treatment facilities as well as the water storage and distribution facilities to meet current Department of Environment standards. The total cost of purchase and the contemplated system improvements was expected to be $267,500. The County expected to get a 75% grant toward the total cost pursuant to the Alberta Municipal Water Supply and Sewage Treatment Grant program. The remaining 25% of the total cost was expected to be borrowed by means of a 10 year debenture upon obtaining approval from the Local Authorities Board. Each lot owner would pay a sum of $78.16 per annum for ten years in respect of the debenture repayment. The County intended to maintain the water rate of $12.00 per month upon acquisition of the system.

The customers of Lottie Lake Holdings Limited had been made aware of the proposed system improvements to be undertaken and the associated costs and indicated support and approval of the County purchasing the system.

The Board was satisfied that the County would be able to provide a safe and reliable service upon purchasing the Lottie Lake Holdings' water system and that the upgraded system should assure the customers of a continued supply of good quality potable water. However, the Board expressed concerns that if the County did not get either the necessary approval from the Local Authorities Board to issue a debenture or the 75% grant from the provincial government, it might not be able to purchase the water system and undertake the contemplated system upgrading. Accordingly, the Board approved the Application subject to the County providing evidence to satisfy these two concerns.

3.02 (a) RC86003/C3.316.91.1(4)/Sarcee Developments Ltd.

(b) For an Order of the Board pursuant to Section 91.1(4) of the Public Utilities Board Act declaring that, for the purposes of a certain transaction, the provisions of Section 91.1(2)(d)(i) of the Public Utilities Board Act do not apply to the Applicant.

(c) Approved/C86004 dated April 28, 1986.

SECTION 4: GAS UTILITIES
Investor-Owned

Data reported in groups arranged alphabetically according to the name of the regulated utility to which the application refers, and within each group are arranged in order of registration number.

ITEM NUMBER

APPLICATION PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/ REGULATED ENTITY
(b) SUBJECT MATTER
(c) DISPOSITION/REFERENCE

4.01 (a) RE85097/E4.5.35-20/Bonnyville Gas Company Limited

(b) For an Order or Orders determining just and reasonable rates, tolls and charges for gas supplied and services rendered to its customers and for approval of certain amendments to its Service Regulations.

(c) Decision E86016 dated April 21, 1986 determined a rate base, fair return, revenue requirement and rates for the 1986 and 1987 test years and approved certain changes to the Company's Service Regulations.

The Board agreed with the Company that an increase was needed to enable the Company to carry out a capital expenditures program made necessary by the age of its distribution system and the growth experienced in its service area. The Company will be replacing its rural PVC distribution system over the next ten years at an anticipated capital cost of approximately $3 million.

The Board noted that the Company's fixed asset records were deficient, particularly in respect of the recording of additions and retirements and the calculation of depreciation expenses. Consequently, the Board included several directions in the Decision aimed at improving the Company's record keeping. As well, the Board issued directions respecting retirements, abandonments and depreciation methods, designed to achieve a more accurate determination of Property, Plant and Equipment than at present.

The majority of the Company's debt was in the form of variable interest rate debentures. The Company forecast a prime interest rate of 13% in each of the two test years. The Board considered that 10.75% and 10.20%, were reasonable forecasts of prime rates for the two test years, and adjusted the allowed cost of debt accordingly.

In determining a fair and reasonable Utility Revenue Requirement, the Board made minor adjustments to cash and Non-Cash Operating Expenses.

4.02 (a) RE86033/E4.5.24(1)(g)-3/Bonnyville Gas Company Limited

(b) For an Order authorizing the issue of and approving the purpose of the issue of a fixed and floating charge debenture for $600,000 to the Caisse Populaire Bonnyville Credit Union Limited at a rate equal to .5% per annum above the Credit Union prime lending rate.

(c) Order E86050 dated July 23, 1986 authorized the issue and approved the purpose of the debenture issue.

4.03 (a) RE85039/E4.7.35-32/Canadian Western Natural Gas Company Limited

(b) For an Order or Orders approving a change in the existing rates, tolls and charges for gas supplied and services rendered to its customers within Alberta.

(c) (1) **Interim Rates**

Order C86005 dated February 28, 1986 fixed and approved interim refundable revenue deficiency riders effective on gas consumption from April 1, 1986 to November 30, 1986. These revenue deficiency riders together with the interim refundable rates approved in Order C85248 would generate additional revenues not more than the final revenue requirements approved in Decision C85250. These rates maintained the existing rate design pending full and final determination of the General Rate Application.

(2) **Phase II Decision**

C86030 dated November 4, 1986 approved, with certain exceptions, CWNG's fully distributed cost of service study and ordered CWNG to file revised rates to recover the projected revenue shortfall.

Cost Of Service Study

The Board agreed with Cominco in that the purpose of a cost of service study is to measure, as accurately as possible, the costs that the various customers impose upon the system. As long as it is practical and meaningful, these costs should be directly assigned to the various customer groups. It is only when it is not possible to directly assign costs, that an allocation methodology should be used.

The Board was satisfied that since it was possible to specifically identify the metering plant associated with the Cominco/Carseland plant, the asset related and cash operating expenses could be directly allocated to the Cominco/Carseland rate group. For other rate groups where it was not possible to specifically identify metering costs, the Board considered that the weighted average customer method proposed by Cominco rather than the minimum plant analysis approach used by CWNG should be adopted for the next General Rate Application.

The Board was satisfied with CWNG's allocation of marketing expenses to all rate groups. The Board did not consider a determination of cost causation was possible or practical as it is individual customers and not rate groups who receive the benefit of these services.

The Board agreed with Cominco that since it had a dedicated gas supply, it was possible to directly allocate gas administration costs to its rate group. For other customers, the balance of gas administration costs should be allocated to them.

The Board was satisfied with CWNG's allocation of bad debt expense to all rate groups. The customers who are responsible for this expense are those who do not pay their gas bills. Given that it is impossible to directly allocate this expense to the customers who are responsible for its occurrence, it must be allocated to all the other customers.

Cominco objected to the amount of Customer Accounting expense allocated to it. The Board agreed with Cominco that while an allocation methodology may appear to be appropriate, the results must also be logical. CWNG was directed to review its allocation methodology in its next General Rate Application.

Rates

The Board reviewed CWNG's proposed Rate No. 1 fixed cost recovery ratio and the level of the Fixed Charge as compared with other utilities. The Board was satisfied with CWNG's proposal of $10.50 per month for Rate No. 1 customers.

Due to CWNG's error in allocating metering costs, Cominco proposed that no increase be allowed above the interim rates in place for the Cominco/Carseland and Cominco/Calgary. The reduction in the allocation of metering costs to the two Cominco plants was in excess of the increases proposed by CWNG. The Board agreed with Cominco's submission and considered that the rates to the two Cominco plants should remain the same as they currently are. The amount of shortfall in proposed revenue ($317,000) should be recovered from the other customers of CWNG. CWNG was directed to file revised rates prior to January 1, 1987 to recover the $317,000 revenue shortfall.

Calgary proposed that Canadian Fertilizer Limited (CFL) be charged under Rate 7 (Standby and Peaking) instead of the current contract rate since CFL is not buying its total natural gas requirements from CWNG and appears to be using CWNG's facilities only for standby, peaking or emergency services. The Board considered, however, that given the litigation currently before the courts, it would not be appropriate to make any changes to the CFL charge at this time. If CWNG does make an application for recovery of costs incurred as a result of the dispute with CFL, it may also wish to address the issue of whether the special contract rate is still appropriate for CFL.

The Board was satisfied that the "% Recovery" Ratios for Rates No. 4, 5, and 6 were reasonable and did not require further adjustment as proposed by the Federation of Alberta Gas Co-operatives Limited.

The Board approved the Schedule "A" and "B" charges as submitted by CWNG. With respect to CWNG's request to change Schedule "A" and "B" charges at any time and not just during general rate applications, the Board referred CWNG to pages 7 and 8 of Decision E85111 in which the Board, under Section 56 of the Public Utilities Board Act, reviewed and varied Alberta Government Telephone's previous General Rate Application Phase II Decision in approving rate changes.

Cominco proposed that Rate 9 should be made available on a non-discriminatory firm short term basis. The Board deferred taking a position with respect to the Transportation Issue until such time as the Natural Gas Transportation Rates Inquiry was completed and a report was issued.

The Board was concerned whether negotiated transportation rates were unduly preferential and whether there was cross-subsidization between Board approved rate classes and customers who negotiate their rates. These rates, therefore, must be filed with the Board and not be kept confidential as all material filed with the Board is on the public record. CWNG was directed to file all such rates with the Board within six months from the date of this Decision.

The Board also dealt with the complaint of Parkside Holdings Ltd. (Parkside) regarding CWNG's policy for servicing gas lines within mobile home parks. Parkside alleged that mobile home parks were being discriminated against regarding CIAC, relative to residential home owners. Parkside also noted that Northwestern Utilities Limited had a different policy more favourable to mobile home park owners. The Board agreed with CWNG that its policy respecting contribution from developers of mobile home parks is not "unjust, unreasonable, unduly preferential, arbitrarily or unjustly discriminatory or otherwise in contravention of the law". The Board noted that CWNG's policy was based on proper and reasonable business considerations and that there was a difference between residential and mobile home park developments.

(3) **Final Rates**

Decision C86033 dated December 17, 1986 approved the Company's final rates, tolls and charges (with the exception of Rate No. 9) effective on gas consumption on and after January 1, 1987. These rates were based on the Company's fully distributed cost of service study which was adjusted to take into account the Board's direction on page

33 of Decision C86030. In that direction, the Board considered that the two Cominco Ltd. rates should remain as they currently were and the $317,000 revenue shortfall should be made up from other customers. Rate No. 9 was approved on an interim basis pending the results of the Natural Gas Transportation Rates Inquiry being conducted by the Board.

(4) **Costs Proceedings**

Decision C86002 dated January 30, 1986 approved the payment of $291,710.03 by the Company to various Intervenors with respect to the Phase I proceedings. At year-end, the Board was to schedule a hearing to consider costs with respect to the Phase II proceedings.

4.04 (a) RE85096/E4.7.58/Canadian Western Natural Gas Company Limited

(b) For approval to make adjustments in the total charges for natural gas service to certain "Special Contract and High Load Factor" customers arising out of fluctuations to the cost of "non-rebateable" natural gas for the period January 1, 1985 to September 30, 1985.

(c) Approved/E86002 dated January 22, 1986.

4.05 (a) RC86016/RC86017/C4.7.35-34/C4.7.35-35/Canadian Western Natural Gas Company Limited

(b) For approval of a change in rates relating to the Village of Nobleford and the Town of Canmore because of a change in the revenue tax.

(c) Approved/C86011 dated August 20, 1986.

4.06 (a) RC86018/RC86020/C4.7.35-36/C4.7.35-38/Canadian Western Natural Gas Company Limited

(b) For approval of a change in rates relating to the Towns of Bowden and Carstairs because of a change in the revenue tax.

(c) Approved/C86017 dated September 17, 1986.

4.07 (a) RC86019/RC86025/RC86028/C4.7.35-37/C4.7.35-42/ C4.7.35-44/ Canadian Western Natural Gas Company Limited

(b) For approval of a change in rates relating to the Town of Didsbury, the Town of Crossfield and the Village of Delburne because of a change in the revenue tax.

(c) Approved/C86029 dated November 7, 1986.

4.08 (a) RC86021/RC86026/C4.7.35-39/C4.7.35-43/Canadian Western Natural Gas Company Limited

(b) For approval of a change in rates relating to the Towns of Innisfail and Penhold because of a change in the revenue tax.

(c) Approved/C86021 dated October 15, 1986.

4.09 (a) RC86022/C4.7.35-40/Canadian Western Natural Gas Company Limited

(b) For approval of a change in rates relating to the Town of Picture Butte because of a change in the revenue tax.

(c) Approved/C86013 dated September 17, 1986.

4.10 (a) RE86027/E4.7.58/Canadian Western Natural Gas Company Limited

(b) For approval to make adjustments in the total charges for natural gas service to certain "Special Contract and High Load Factor" customers arising out of fluctuations to the cost of "non-rebateable" natural gas for the period January 1, 1985 to December 31, 1985.

(c) Approved/E86035 dated June 4, 1986.

4.11 (a) RE86031/E4.7.24(1)(e)-20/Canadian Western Natural Gas Company Limited

(b) For an Order authorizing the issue and approving the purposes of the issue of 328,000 7.7% Cumulative Redeemable Second Preferred Shares Series L to Canadian Utilities Limited (CUL) to fund the sum of $8,200,000 received from CUL, to be used to redeem all outstanding Second Preferred Shares Series E.

(c) Order E86039 dated June 20, 1986 approved the issuance of the shares and the purposes of the issue.

4.12 (a) RC86032/E4.7.35-45/Canadian Western Natural Gas Company Limited

(b) Following the Federal Government's announcement on September 8, 1986 that the Petroleum and Gas Revenue Tax (PGRT) would be eliminated on all oil and gas production subsequent to September 30, 1986, the Company filed an application with the Board on September 24, 1986 as amended by letter dated October 3, 1986 for a decrease in rates charged to its customers effective October 1, 1986.

(c) In Interim Order C86022 dated October 6, 1986 the Board approved a 0.8 cents a gigajoule decrease in the annualized base energy rates effective on consumption on and after October 1, 1986 to reflect the elimination of the PGRT. A further 0.6 cents a gigajoule credit on an existing deficiency rider was approved for consumption from October 1, 1986 to November 30, 1986 inclusive, to account for the forecast December 1986 unbilled consumption ($50,478) as well as certain over-collections, in 1986, with respect to the PGRT for the period January 1, 1986 to September 30, 1986 ($58,000).

The Company filed an Amending Application with the Board on October 29, 1986 by submitting additional calculations, in support of an amendment to the Board's Interim Order C86022, to incorporate the following change:

(1) tax effect on the over and under collections in respect of the PGRT in 1986.

The impact of the above change was to increase the net amount over-collected by $55,000.

The Company proposed to refund the additional $55,000 of over-collections over the November, 1986 consumption and further proposed to add the resultant 0.5 cents per gigajoule to the 0.6 cents per gigajoule credit on the existing deficiency rider, approved in Order C86022 expiring November 30, 1986.

Amending Order C86025 dated November 4, 1986 approved the Company's proposal.

4.13 (a) RE86039/E4.7.58/Canadian Western Natural Gas Company Limited

(b) For approval to make adjustments in the total charges for natural gas service to certain "Special Contract and High Load Factor" customers arising out of fluctuations to the cost of "non-rebateable" natural gas for the period January 1, 1986 to March 31, 1986.

(c) Approved/E86046 dated July 2, 1986.

4.14 (a) RC86040/C4.7.35-46/Canadian Western Natural Gas Company Limited

(b) For approval of a change in rates relating to the City of Airdrie because of a change in the revenue tax.

(c) Approved/C86035 dated December 17, 1986.

4.15 (a) RE86057/E4.7.35-41/Canadian Western Natural Gas Company Limited

(b) Application by Cominco Ltd. for an Order or Orders of the Board requiring Canadian Western Natural Gas Company Limited (CWNG) to provide transportation of gas to Cominco's Calgary plant at CWNG's Rate No. 9.

(c) Interim Order C86018 dated September 18, 1986 approved the application and ordered CWNG to provide transportation of gas to Cominco's Calgary plant at CWNG's Rate No. 9 (as approved by the Board from time to time) for the period from November 1, 1986, on an interim basis until such time as the Board has issued a policy order with respect to gas transportation and given effect to that policy.

The Board's final disposition of this matter was held in abeyance pending the outcome of the Natural Gas Transportation Rates Inquiry.

4.16 (a) RE86064/E4.7.58/Canadian Western Natural Gas Company Limited

(b) For approval to make adjustments in the total charges for natural gas service to certain "Special Contract and High Load Factor" customers arising out of fluctuations to the cost of "non-rebateable" natural gas for the period January 1, 1986 to June 30, 1986.

(c) Approved/E86068 dated October 1, 1986.

4.17 (a) RE86093/E4.7.24(1)(e)-21/Canadian Western Natural Gas Company Limited

(b) For an Order approving the purposes of and authorizing the issue of 640,000 7.08% Cumulative Redeemable Second Preferred Shares Series M to Canadian Utilities Limited (CUL) to fund the sum of $16,000,000 received from CUL, to be used to redeem all outstanding 14% Second Preferred Shares Series F.

(c) Approved/E86106 dated December 30, 1986.

4.18 (a) RE86094/E4.7.24(1)(e)-22/Canadian Western Natural Gas Company Limited

(b) For an Order approving the purposes of and authorizing the issue of a 9.85% Debenture in the principal amount of $14,000,000 to Canadian Utilities Limited.

(c) Approved/E86105 dated December 30, 1986.

4.19 (a) RE86098/E4.7.58/Canadian Western Natural Gas Company Limited

(b) For approval to make adjustments in the total charges for natural gas service to certain "Special Contract and High Load Factor" customers arising out of fluctuations to the cost of "non-rebateable" natural gas for the period January 1, 1986 to September 30, 1986.

(c) Approved/E86102 dated December 17, 1986.

4.20 (a) RE86104/E4.7.24(1)(e)-23/Canadian Western Natural Gas Company Limited

(b) For an Order approving the purposes of and authorizing the issue of a 10.25% Debenture in the principal amount of $5,000,000 to Canadian Utilities Limited.

(c) Approved/E86116 dated December 30, 1986.

4.21 (a) RE85095/E4.9.35-12/Elk Point Gas, Ltd.

(b) For approval of a change in existing rates, tolls or charges for natural gas supplied and services rendered to its customers within Alberta.

(c) (1) **General**

Order E86021 dated April 21, 1986 approved interim refundable rates, an interim reduction in the Company's royalty rider from $0.18/Mcf to $0.11/Mcf and the Schedule of Fees and Charges applicable to the Rules and Regulations as requested by the Company on an interim basis.

Decision E86064 dated October 2, 1986 determined a rate base, fair return, revenue requirement and fixed rates for the 1986 and 1987 test years and approved certain changes to Elk Point's Service Regulations.

(2) **Rate Base**

(A) The Board noted discrepancies in the retirements of property, plant and equipment in 1984 and 1985 and made appropriate adjustments.

(B) The Company undertook $108,000 in capital expenditures in 1986 and projected spending an additional $20,000 in 1987 to facilitate the purchase of gas from Westmin Resources Limited, in order to augment its depleting reserves.

The Board approved the additions to property, plant and equipment, with respect to utilization of the Westmin source for gas supply.

(C) The Board noted discrepancies in retirements in 1987 and made adjustments to retirements and accumulated depreciation in the 1987 test year.

(D) The Board noted that at the time of the Hearing, two of the Company's five gas wells were not producing gas. In October, 1986, Well No. 11-16 remained shut down. The Board considered that it would be premature to disallow the inclusion of Well No. 11-16 in Rate Base in view of the Company's testimony indicating that they expected the 11-16 well to be useful to the utility, but were awaiting the results of the proposed servicing prior to proceeding with further development or treatment for that well.

For the purpose of this Decision, the Board allowed all five of the Company's completed wells in Rate Base.

(3) **Return**

(A) The Board excluded the Company's bank overdraft from long-term debt, as it did not consider it appropriate to include it for the purposes of determining mid-year capital structure.

(B) The Company in its application neglected to apply amortization to the non-refundable portion of CIAC and developers' advances. The Board amortized the non-refundable balance of CIAC and developers' advances.

(C) The rate of return on common equity was set at 15.75% and 14.75% respectively for 1986 and 1987 test years.

(4) **Revenue Requirement**

(A) The Company neglected to deduct the 50% royalty tax credit from the forecast Crown Royalty expenses. The Board therefore reduced the forecast of Crown Royalty expenses by one half in each test year.

(B) The Board questioned whether some of the maintenance and repair costs for wells should be capitalized. The Board was persuaded that they should be expensed and included in the Company's forecast cash operating expenses.

(5) **Rules And Regulations**

(A) The Board questioned the Company on its proposed changes to its Rules and Regulations and made recommendations for amendments.

(B) The Board did not approve the Schedule of Fees which had previously been aporoved on an interim refundable basis and ordered the Company to refund the differences between the interim and final fees to any affected parties.

4.22 (a) RE86090/E4.9.24(1)(e)-2/Elk Point Gas, Ltd.

(b) For approval to issue Common Shares.

(c) The Board was awaiting additional information from the Applicant at year-end.

4.23 (a) RE85014/E4.15.35-31/ICG Utilities (Alberta) Ltd.

(b) (1) For approval of a change in existing rates, tolls or charges for gas supplied and services rendered to its customers within Alberta.

(2) For an Order or Orders:

(A) Fixing just and reasonable standards, classifications, regulations, practices, measurements or service to be imposed, observed and followed by the Applicant with respect to services rendered to its customers.

(B) Increasing the income tax component of revenue requirement for the 1985 test year, approved in Decision E85133 dated December 16, 1985, which determined a rate base, fair return and revenue requirement for the 1985 test year, on the basis that the Board's calculation was in error.

(C) Approving a change in billing methodology and sales rates from a system based on volumetric measure to a system based on the energy value of gas consumed.

(D) Amending Board Order E86056 dated August 13, 1986 which contained certain clerical errors.

(c) (1) Decision E86036 dated May 30, 1986 fixed and approved the Rules and Regulations as proposed by the Company effective May 30, 1986.

In Decision E85133 the Board had directed the Company to file a complete set of Rules and Regulations, incorporating changes approved in that Decision.

The changes were:

(i) a direction to include full definitions for town, urban and rural customers in its rules and regulations;

(ii) a proposed rewording of Clause 5, relating to refundable and non-refundable customer contributions; and

(iii) a direction to delete any references to gas appliances in the Rules and Regulations.

The Board approved proposed additional changes requested by the Company in its filing of February 5, 1986. Those changes were:

(i) revisions to reflect the Company's change of name;

(ii) deletion of the requirement to publish or mail a copy of the revised Rules and Regulations; and

(iii) reference to the Gas Inspection Act and the Federal Department of Consumer and Corporate Affairs with respect to the allowable deviation in measurement.

(2) Decision E86037 dated May 30, 1986 fixed and approved for payment the amount of $5,670.11 for costs of and incidental to the Company's 1985 General Rate Application, collectively to the Cities of Leduc and Drumheller, the Towns of St. Paul, Athabasca, Two Hills, Grande Cache, Three Hills, Westlock, High Level, Barrhead, Hanna, Morinville, the Bullshead Gas Co-op, the Barrhead-Westlock Gas Co-op, the County of Athabasca and the Municipal District of Sturgeon.

(3) Amending Order E86043 dated June 23, 1986 amended Decision E85133 by increasing the 1985 forecast Revenue Requirement by $359,231 and increasing the 1985 revenue deficiency by $297,892.

The income tax component of revenue requirement was increased by $118,661, to correct the Board's calculation error resulting from the impact of a change in the income tax rate and the implementation of the 5% tax surcharge introduced in the Federal Government's budget of May, 1985. The Board increased the Rate Hearing Costs portion of revenue requirement by $5,670, pursuant to Decision E86037 which ordered the Company to pay that sum to various Communities which had intervened in the Company's 1986 General Rate Application. The Board also increased the Operating and Maintenance expense portion of revenue requirement, pursuant to Decision E86042, in which the Board had varied Decision E85133 and postponed an Order approving the method of recovery.

The Board increased the 1985 revenue deficiency by the sum of the $5,670 paid to the Communities, the $294,900 increase in Operating and Maintenance Expenses approved in Decision E86042 and $57,322 arising from the recalculation of income taxes for 1985, reflecting the fact that the 5% surcharge was effective July 1, 1985.

(4) Decision E86056 fixed and approved the rates as set out in Schedule "A" which were filed by the Company pursuant to Board Order E86052, which approved a change in billing methodology, as final rates to be imposed, observed and followed by the Company effective August 1, 1986, based on actual or estimated readings, billed on or after August 1, 1986.

The rates approved in Order E85145 dated December 24, 1985 on a volumetric basis were approved on an energy value basis as set out in Decision E86056, Schedule "B" for natural gas consumed on and after July 1, 1986 up to and including July 31, 1986, based on actual or estimated readings.

The Board fixed and approved Rate Rider "C" as set out in Decision E86056, Schedule "C" for all billings for natural gas consumed on and after August 1, 1986 up to and including April 30, 1987, inclusive, based on actual or estimated readings.

The rates approved in Board Order E85145, were rescinded and replaced by the rates fixed and approved in Decision E86056.

(5) Board Order E86058 dated October 27, 1986 amended Schedules "A", "B" and "C" contained in Order E86056.

The rates as set out in Order E86058 in Revised Schedule "A" were fixed and approved as final rates to be imposed, observed and followed by the Company, effective August 1, 1986 for natural gas consumed on and after August 1, 1986, based on actual or estimated readings, billed on or after August 1, 1986.

The rates approved in Board Order E85145, on a volumetric basis were approved on an energy value basis as set out in Revised Schedule "B" for natural gas consumed on and after July 1, 1986 up to and including July 31, 1986, based on actual or estimated readings.

Rate Rider "C" as set out in Revised Schedule "C" was fixed and approved for all billings for natural gas consumed on and after August 1, 1986 up to and including April 30, 1987, based on actual or estimated readings.

The rates approved in Order E86056, were rescinded and replaced by the rates in Order E86058.

(6) Order regarding the payment of various Intervenors Costs relating to Decision E86042 and Decision E86052 was pending at year-end.

4.24 (a) RE85046/E4.15.24(1)(g)-10/ICG Utilities (Alberta) Ltd.

(b) For an Order or Orders approving the sale to the Town of Morinville of certain property (land and building) in the Town of Morinville. Following a public hearing on July 8, 1985, Decision E85095 dated August 1, 1985 approved the sale of the property but deferred dealing with the matter of treatment of the proceeds of the sale to a later date.

(c) Decision E86078 dated November 19, 1986, decided the appropriate disposition of the net sale proceeds of $28,618.

In this Decision, the Board considered the comments of The Court of Appeal of Alberta in its judgement written by Mr. Justice Kerans on the appeal (the TransAlta Appeal) by TransAlta Utilities Corporation of Board Decision E84116 dated October 12, 1984. The Board considered that, as pointed out in the TransAlta Appeal, it is a matter of general acceptance that to the extent that allowance for depreciation has been made, the original investment has already been returned to the investors, and the utility must account to its customers for the depreciation allowance which it has charged over the years. The Court further held that the utility in the TransAlta Appeal was required to account for that allowance in terms of present dollars.

The Board considered that in disposing of the Morinville property, the Company had received its original investment back in current value, including that portion earlier returned as depreciation allowance. The Board considered that the Company must now account to its customers for that depreciation allowance on the basis of current value.

The Board considered that the current value of the Morinville property should be determined, in the circumstances, by the market value, at the time of sale. Using an indexing formula based on the original value of the property and the net sale proceeds at the time of disposition, the Board translated original cost dollars to current dollars. The Board ordered that the Company must account to its customers for the current value of the allowance for depreciation in the amount of $7,247 as revenue in the first test year that comes before the Board in the Company's next general rate application. The Board further ordered that the balance of the net sale proceeds in the amount of $17,371 should accrue to the Company.

4.25 (a) RE85077/E4.15.24(1)(g)-11/ICG Utilities (Alberta) Ltd.

(b) For an Order or Orders approving the sale to 337093 Alberta Corporation of certain property (land, building and furniture) in the Town of Wetaskiwin. Following a public hearing on November 7, 1985, Decision E85130 dated November 14, 1985 approved the sale of the property but deferred dealing with the matter of treatment of the proceeds of the sale to a later date.

(c) Decision E86073 dated November 19, 1986, decided the appropriate disposition of the net sale proceeds of $70,781.

In this Decision, the Board considered the comments of The Court of Appeal of Alberta in its judgement written by Mr. Justice Kerans on the appeal (the TransAlta Appeal) by TransAlta Utilities Corporation of Board Decision E84116 dated October 12, 1984. The Board considered that, as pointed out in the TransAlta Appeal, it is a matter of general acceptance that to the extent that allowance for depreciation has been made, the original investment has already been returned to the investors, and the utility must account to its customers for the depreciation allowance which it has charged over the years. The Court further held that the utility in the TransAlta Appeal was required to account for that allowance in terms of present dollars.

The Board considered that in disposing of the Wetaskiwin property, the Company had received its original investment back in current value, including that portion earlier returned as depreciation allowance. The Board considered that the Company must now account to its customers for that depreciation allowance on the basis of current value.

The Board considered that the current value of the Wetaskiwin property should be determined, in the circumstances, by the market value, at the time of sale.

4.26 (a) RE86003/E4.15.35-31 R.V./ICG Utilities (Alberta) Ltd.

(b) For a review, variance and rescission of Decision E85133 dated December 16, 1985, on the grounds that the Board's reduction of 1985 Operating and Maintenance Expense by $802,797 was contrary to the evidence before it or was not supported by any evidence before it and was based on an error in fact which was obvious and materially affected the said Decision.

(c) Decision E86042 dated June 23, 1986, varied Decision E85133. The operating and maintenance expense for the 1985 test year was increased by $234,900 to a total of $7,295,100 on a forecast basis.

The Board was not persuaded that Decision E85133 was unsupported or in error and the Board considered that the evidence presented by the Company did not support the entire forecast 1985 increase over 1984 approved operating and maintenance expenses, as reasonable and necessary. However, upon considering the representation of the Company at the Review and Variance hearing and upon reviewing the evidence presented at the General Rate Application, pertaining to additional operating and maintenance expenses, the Board was persuaded that additional operating and maintenance ex-

penses in the category "Other Increases" had been shown to be reasonable and necessary on the basis of specific salary increases and inflationary increases in materials and supplies.

4.27 (a) RE86021/E4.15.35-34/ICG Utilities (Alberta) Ltd.

(b) For an Order approving a change in billing methodology and sales rates from a system based on volumetric measure to a system based on the energy value of gas consumed.

(c) Board Order E86052 dated July 29, 1986 approved a change in billing methodology for consumption on and after August 1, 1986 based on actual or estimated readings.

The Company's application for approval of rates based on energy value, effective January 1, 1986 and June 1, 1985, for the purposes of billing for past consumption in the event of a delayed billing or rebilling was denied.

4.28 (a) RE86043/E4.15.2/ICG Utilities (Alberta) Ltd.

(b) Complaint by Ms. Nancy Owen re: the alleged improper billing of Goodridge Greenhouse.

(c) By letter dated August 5, 1986, the Board advised Ms. Owen that it was closing its file on the matter. Based on the information provided to the Board, the Board considered that the Goodridge Greenhouse account was in order. Further, the Board did not consider that the dispute over the terms of repayment of this account was an issue in which the Board could properly involve itself.

4.29 (a) RE86078/E4.15.35-35/ICG Utilities (Alberta) Ltd.

(b) For approval of a reduction in the energy charge of certain rates to reflect the elimination of the Petroleum and Gas Revenue Tax effective November 1, 1986.

(c) Order E86084 dated October 31, 1986 fixed and approved the rates to be imposed, observed and followed by the Company effective October 31, 1986 with respect to all gas consumption on and after November 1, 1986 based on actual or estimated meter readings.

The rates approved in Order E86056 as amended by Order E86058, were replaced by the rates, tolls or charges approved in this Order.

4.30 (a) RE86044/E4.3.26/Natural Gas Transportation Rates Inquiry

(b) The Board proceeding on its own motion on July 9, 1986 pursuant to Section 38(1) of the Public Utilities Board Act to inquire into, hear and determine the terms and conditions to be used and the formula to be adopted for establishing transportation rates for the contract carriage of natural gas.

(c) (1) **General**

Order E86110 dated December 30, 1986 contained the Board's findings and conclusions on the key issues which are summarized hereafter.

(2) **Introduction**

Canadian Western Natural Gas Company Limited/Northwestern Utilities Limited (CWNG/NUL) have provided transportation service (T-Service) to industrial end-users since 1979. With respect to the producer group, T-Service dates back to 1962. T-Service was initially provided under individual contracts with each customer. As a result of the growth of this service, CWNG/NUL requested the Board to approve published rates for T-Service in the 1982/83 general rate application. As a result, the Board first approved T-Rates for CWNG/NUL in 1984. The rates approved were published as Rates 9 and 10 respectively, available on long-term T-Service.

As a result of submissions made to the Board by gas producers, industrial consumers and others during recent rate cases of major gas utilities, the Board decided to conduct a public inquiry for the purpose of establishing the basis upon which transportation rates (T-Rates) may be structured for the carriage of natural gas by gas distribution utilities in Alberta.

(3) **Services To Be Offered**

(A) **Contract Carriage**

The Board considered that CWNG, NUL and ICG Utilities (Alberta) Limited (ICG) (the gas distribution utilities) should continue to provide contract carriage to their existing customers. Future T-Service offerings consisting of both long-term and short-term T-Service should be provided by the gas distribution utilities and should be regulated by the Board.

(B) **Provision Of Short-Term Service**

The Board considered that CWNG/NUL's contention that the provision, on demand, of short-term T-Service would only reduce the revenue contribution of the T-Service customers and result in higher costs to all remaining system users was largely a matter of speculation at this time. Moreover, the Board was not convinced that CWNG/NUL's current policies on term of T-Service have not restricted access to markets and are not a restriction to the workings of a market oriented pricing system for natural gas. The Board agreed with most of the participants that short-term T-Service should be provided on the condition that there would be no significant impact on the core customers.

(C) **Interruptible Service**

The Board appreciated the position of the utilities' transportation customers (T-Customers) with respect to the need for interruptible service. However, the Board considered that in view of the utilities' adequate capacity to meet system design peaks, there was no justification to require the utilities to provide interruptible service at this time. Because of this, the utilities should consider the market realities of their customers and their need for T-Service of less than a one year term.

The Board considered that the utilities should provide firm short term transportation service as well as their existing firm and restricted service offerings.

(D) **Other Services**

(i) **Buy-Sell**

The Board considered that buy-sell arrangements were a viable alternative to and compatible with transportation services. As such, the utilities should provide this service at the customer's option, provided the request meets the other conditions approved herein.

(ii) **Peaking And Over-Run**

The Board found that these options should be available as part of the menu of services and the

rate structure should be such that it would encourage utilization of these services. Furthermore, to the extent that peaking service was currently provided under Rate 7 for CWNG and Rate 8 for NUL, the utilities should make this service available for T-Customers at the existing sales rate.

(iii) **Storage**

The T-Customers are divided with respect to the provision of this service by the utilities. The Board considered that storage, where available, is related to and compatible with the provision of T-Services. Moreover, the Board considered that CWNG/NUL should provide an evaluation of their storage capacity. The Board considered that the rates for storage should be subject to regulation of the Board.

(4) **Eligibility**

(A) **Minimum Volumes/Minimum Bill**

(i) On the evidence presented and the submissions and arguments made, the Board considered that at the present time only producers and large industrial customers (non-core customers) should be eligible for transportation. Under the circumstances, the Board considered that the availability of the distribution system for transportation service was best decided as the need may arise in an individual case.

As pointed out in the Order, the Board adopted this position because the issue of whether the core market should have access to transportation service was not dealt with in any meaningful way in evidence, submissions or argument by the participants. The Board took a neutral position on the question and any interested party seeking access to the distribution system for transportation service should feel free to apply to the Board for a determination.

(ii) The Board considered that a minimum annual charge for short-term T-Service may be necessary to protect the recovery of fixed costs. In computing such a charge the Board considered that the minimum annual volumes, where applicable, should be no less than the volumes applicable to comparable sales rate classes for similar type service.

(B) **Sanctity Of Existing Sales Contracts**

Although it is expected that the gas distribution utilities will renegotiate existing contract arrangements in keeping with the spirit and intent of the Western Accord, and the subsequent agreement, the Board recognized the significance of parties binding themselves by entering into formal contracts.

(C) **Service To End-User, Producer And Broker**

The Board considered that T-Service should be available to producers and industrial end-users. Moreover, since brokers are likely to play an important role in the marketing of natural gas in a deregulated environment, T-Service should also be available to them, as well as other agents of the producer or industrial end-user, provided they can meet whatever tests of supply security, contractual and operating control arrangements, financial credit worthiness, etc., that may be reasonably and properly required by the utilities, and other conditions approved herein.

(D) **Non-Discriminatory Access**

The Board considered that non-discriminatory access between T-Service customers and Sales customers was essential in a competitive market orientated pricing environment. In this regard, access should be determined on a "first come, first served" basis.

(5) **Conditions**

(A) **Back-Stop**

The Board agreed that a customer who arranges his own gas supply should be responsible for arranging his own back-stop service.

The Board considered that there was a load balancing aspect to transportation that is entirely different from back-stop. This matter is further addressed under Appropriate Operating Conditions.

(B) **Determination Of Receipt And Delivery Point Locations**

The Board considered that if supply and delivery point locations involve the need for additional facilities, the customer must be prepared to pay an additional charge for such facilities.

The Board considered that supply and delivery point locations should be determined by consultation and agreement between the shipper and the utilities with a view to optimizing the utilization and operation of existing facilities.

(C) **Priority**

The Board considered that access should be determined on a "first come, first served" basis with firm service customers having priority over other types of services whether the service is for sales or transportation.

The Board considered that firm transportation and firm sales service should be accorded the same priority.

(D) **Obligation And Risk Of Delivery**

The Board agreed that the utilities were obliged to deliver all volumes received, except in the event of force majeure.

(E) **Assignment Of Transportation Contracts**

The Board agreed that the assignment of transportation contracts should be subject to the approval of the other party and that such approval should not be unreasonably withheld.

(F) **Right Of T-Customer To Return As Sales Customer**

The Board considered that the "right to return" was inextricably bound to matters such as planning for capacity and gas supply requirements which inevitably leads to the necessity for reasonable and sufficient advance notice by the "returning customer". The Board considered that the customer should be allowed

to return as a sales customer provided the utility has sufficient gas available or can make the necessary arrangements therefor.

The Board considered that any restrictions on the right to return should relate only to gas supply limitations and not system capacity limitations.

(6) **Form Of Transportation Rate**

(A) **Criteria For Rate Design**

The Board considered that short-term transportation rates should continue to be cost based as CWNG/NUL T-Service offerings presently are and that the postage stamp philosophy should be maintained. The Board also considered that there should be different rates for one, two and three year service which should be higher than the present long term Rate 9 and Rate 10, to reflect and allow for the higher risk that may face the gas utilities and the core customers in providing short-term service and greater flexibility to T-Customers.

In its submission, CWNG/NUL filed two alternative short-term rate proposals. Alternative 1 rate proposed that a customer with a 1 year contract should pay 8.42 times the existing long-term Transportation Rate No. 9 or No. 10 to provide the revenue equivalence of a 20 year contract on a present value basis.

The Board established the methodology for the determination of short-term T-Rates based on a modification of CWNG/NUL's rate proposal referred to above. In this respect in determining the rate for a 1 year term contract for CWNG, the Board considered that the factor that should be applied should be equivalent to that of a 10 year contract term on a present value basis. Accordingly the Board calculated that factor to be 1.3 for a 1 year term contract. The Board considered that this factor should only be applied to that portion of the costs allocated to Rate 9 which annually recovers the long term asset related costs and should not apply to that portion of the costs allocated to Rate 9 which recovers the variable cash operating costs. A factor of 1.25 for a 2 year contract and 1.20 for a 3 year contract were also considered appropriate for the recovery of the long term asset related costs.

The Board considered that it was appropriate for NUL to use the same methodology as determined for CWNG in designing rates for 1 year, 2 year and 3 year terms.

ICG is to file short-term T-Rates for approval, if and when such service is requested.

The Board also considered that a deferral account should be set up to account for total transportation revenues in excess of the current transportation revenues forecast. The disposition of any portion of the balance remaining in the deferral account will be determined by the Board on its own initiative or upon application by the gas distribution utilities or by an interested party.

(B) **Components Of Transportation Rates**

The Board considered that a three part rate structure i.e. a fixed monthly charge, a demand charge, and a volumetric charge was appropriate for a short-term T-Rate consistent with the Board's findings with respect to Rate Design Criteria.

(C) **Appropriate Operating Conditions**

The Board did not consider it necessary to make a ruling on the detailed operating conditions of a transportation contract. The Board expects the parties to be able to agree on proper conditions that are consistent with good engineering practices and that are fair and reasonable.

(D) **Published Or Negotiated Confidential Rates**

The Board considered that transportation rates, both long term and short term, should be published and not be confidential. The Board concluded that no rate other than the published rates for transportation services should be charged by the gas distribution utilities unless such rate is approved by the Board.

(E) **Manner Of Regulation**

The Board was not persuaded on the evidence that there presently exists sufficient meaningful competition for T-Services to warrant the complete or partial deregulation of gas transportation services. There appears to be some competition from NOVA, AN ALBERTA CORPORATION (NOVA) and some bypass, however there are many areas in the province where there is no practical alternative to CWNG/NUL's system. In such situations, CWNG/NUL do have a monopoly in providing an essential utility service and, as such, regulation is necessary.

(7) **Other Issues**

(A) **Duty And Obligation To Provide T-Service**

The Board considered that the publishing of a rate schedule for a type of service confers an obligation to provide that service.

(B) **Necessity Of Legislation**

The Board was satisfied that it has sufficient legislative authority to mandate T-Service where necessary.

(C) **Necessity For Relief From Take Or Pay Obligations**

The Board considered it premature to deal with this issue. The Board will deal with this issue if the need arises.

(D) **Terms And Conditions For The Transportation Of Export Gas Volumes On Utility Systems**

The Board considered that NOVA's policy that shippers and producers should be responsible and accountable for their decisions with respect to overestimation of throughput volumes is reasonable. Under the circumstances the Board did not consider it appropriate to attempt to interfere with NOVA's position. Thus, CWNG/NUL's charges should not be rolled into NOVA's costs.

(8) **Board Order**

E86111 dated December 30, 1986 contained the orders and directions of the Board arising from the Inquiry Order E86110 as they relate to CWNG, NUL and ICG who are currently providing natural gas transportation service. The

Orders shall apply to ICG only insofar as ICG is able to provide the service, since ICG provides only limited transportation service at present.

4.31 (a) RE84041/E4.14.35-39A/Northwestern Utilities Limited

(b) For approval of a change in rates.

(c) (1) Order E86047 dated July 7, 1986 dealt with an application by the City of Red Deer (Red Deer) and the Industrial Rate Intervenors requesting the Board reconvene the Phase I public hearings related to the Company's General Rate Application dated May 15, 1984 for the purpose of hearing evidence and submissions respecting the Company's actual results for the test years 1984 and 1985 as filed on March 25, 1986.

In this Order the Board concluded that the Company's actual results for 1984 and 1985 were relevant and material to the Company's Phase I proceedings and accordingly, ordered that the Public Hearing respecting the Company's Phase I General Rate Application be reconvened to hear evidence and submissions with respect to actual results of the Company for 1984 and 1985.

Prior to the Division rendering its Phase I Decision in the Company's General Rate Application, Counsel for two of the intervenors, Red Deer and certain Industrial Rate Intervenors requested the Division to reconvene the Public Hearing with respect to the Company's General Rate Application. These intervenors requested that the Public Hearing be reconvened solely for the purpose of hearing evidence and submissions concerning the actual results of the Company for 1984 and 1985 which had been filed with the Board by the Company following the conclusion of the Hearing.

In verbal and written submissions to the Division, Counsel for Red Deer and the Industrial Rate Intervenors argued that actual results of the Company for 1984 and 1985 were relevant evidence that the Board was obliged to consider in connection with its Phase I Decision, and that this evidence ought to be tested by cross-examination and argument at a public hearing. Counsel for the Company argued that the Board may only use actual results for the purpose of testing forecasts but not in substitution for them, and the actual results for 1984 and 1985 could be considered by the Board without any further hearing, to that limited extent, in its decision making process. Counsel for the Company also submitted, inter alia, that to reopen the Public Hearing would be contrary to the scheme of the legislation and inconsistent with seventy years of regulatory history in Alberta.

The Division considered that there were two issues to be decided. Firstly, whether and to what extent the actual results of the Company for 1984 and 1985 were relevant to its considerations in connection with the Phase I Decision to be made in the Company's General Rate Application. Secondly, whether in the circumstances it was proper to reconvene the Public Hearing with respect to Phase I of the Company's General Rate Application.

The Division considered that historical regulatory practice in Alberta; the legislative scheme, and the pronouncements of the Courts on the subject all unmistakably point to Alberta as essentially a prospective ratemaking jurisdiction. To give the Board retrospective control requires clear statutory language.

The Division considered that the statutory language found in Sections 32(b) and 32(c) of the Gas Utilities Act is such that it gives a retrospective aspect to the Board's powers. Under certain circumstances and within the time frames referred to in those sections the Board may give effect to such part of any excess revenues received or losses incurred as the Board may determine. The Division considered that in deciding whether to apply the provisions of Section 32(b) or 32(c) during the course of a General Rate Application, the Board may take into account the actual results of a gas utility then under examination, for the appropriate period along with the other relevant factors to make that determination.

The Division noted that one of the important sections of the Gas Utilities Act that the Board must have regard to in Phase I proceedings with respect to a gas utility is Section 32(a). That section provides, in part, that the Board in fixing just and reasonable rates, tolls, or charges to be observed by the owner of a gas utility may consider all revenues and costs of the owner that are in the Board's opinion applicable to a period consisting of the whole fiscal year of the owner in which a proceeding is initiated for the fixing of rates, tolls or charges or a subsequent fiscal year of the owner.

Having regard to the legislative scheme and the pronouncements of the Courts, especially those of the Supreme Court of Canada, the Division concluded that in General Rate Application proceedings, actual results of a utility, future forecasts or estimates, evidence respecting both and analyses thereof are all relevant and important factors for the Board to take into account in making its determination of forecast Revenue Requirement and prospective rates.

Having concluded that the actual results of the Company for 1984 and 1985 were both relevant and material evidence for the Board to consider, the Division further concluded that it was proper in the circumstances for the Division to order that the Public Hearing of Phase I of the Company's General Rate Application be reconvened for the purpose of receiving evidence and submissions respecting those actual results and that not to do so would be contrary to the Administrative Procedures Act.

(2) The Board's Phase I Decision was pending at year-end.

4.32 (a) RE84077/E4.14.24(1)(c)-2/Northwestern Utilities Limited

(b) For approval of an amendment to its natural gas service regulations.

(c) In process at year-end.

4.33 (a) RE86025/E4.14.58/Northwestern Utilities Limited

(b) For approval to make adjustments in the total charges for natural gas service to certain "Special Contract and High Load Factor" customers arising out of fluctuations to the cost of "non-rebateable" natural gas for the period January 1, 1985 to December 31, 1985.

(c) Approved/E86034 dated May 21, 1986.

4.34 (a) RE86032/E4.14.24(1)(e)-23/Northwestern Utilities Limited

(b) For an Order approving the purposes of and authorizing the issue of 492,000 7.7% Cumulative Redeemable Second Preferred Shares Series L to Canadian Utilities Limited (CUL) to fund the sum of $12,300,000 received from CUL, to be used to redeem all outstanding Second Preferred Shares Series E.

(c) Order E86040 dated June 20, 1986 approved the issuance of the shares and the purposes of the issue.

4.35 (a) RC86033/E4.14.35-51/Northwestern Utilities Limited

(b) Following the Federal Government's announcement on September 8, 1986 that the Petroleum and Gas Revenue Tax (PGRT) would be eliminated on all oil and gas production subsequent to September 30, 1986, NUL filed an application with the Board on September 24, 1986, as amended by letter dated October 2, 1986, for a decrease in rates charged to its customers effective October 1, 1986.

(c) In Interim Order E86074 dated October 6, 1986, the Board approved a 5.1 cents a gigajoule decrease in the annualized base energy rates effective October 1, 1986 to reflect the elimination of the PGRT and a 3.3 cents a gigajoule credit rider for consumption from October 1, 1986 to November 30, 1986 inclusive, to account for the forecast December 1986 unbilled consumption ($492,196) as well as certain over-collections in 1986, with respect to the PGRT for the period January 1, 1986 to September 30, 1986 ($311,000).

The Company, by letter dated October 29, 1986 (the Amending Application), submitted additional calculations to incorporate the following changes:

(1) Exclude the December, 1985 unbilled sales from the sales over which the lower PGRT gross rate of 13.33% was to be effective.

(2) Tax effect on the over and under collections in respect of the PGRT in 1986.

The net impact of the above changes was to increase the net amount over-collected by $209,000.

In Amending Interim Order E86085 dated November 4, 1986 the Board approved the Company's proposal to refund the additional $209,000 of over-collections over the November 1986 consumption and to add the resultant 1.4 cents per gigajoule to the existing 3.3 cents per gigajoule credit rider approved in Order E86074, expiring November 30, 1986.

4.36 (a) RE86040/E4.14.58/Northwestern Utilities Limited

(b) For approval to make adjustments in the total charges for natural gas service to certain "Special Contract and High Load Factor" customers arising out of fluctuations to the cost of "non-rebateable" natural gas for the period January 1, 1986 to March 31, 1986.

(c) Approved/E86044 dated July 8, 1986.

4.37 (a) RE86042/E4.14.35-48/Northwestern Utilities Limited

(b) For approval of a proposed method of refunding the 1985 over-collection under Rider "C" related to the non-rebateable sales to NUL's customers in Saskatchewan and to establish a mechanism for the collection or refund of the reconciled amounts in future years.

(c) Order E86053 dated August 1, 1986 approved the Company's proposed method of refunding the 1985 over-collection of $87,706.14 under Rider "C" from its Saskatchewan customers.

The Company's proposal called for the calculation of a net annual reconciled amount in respect of Rider "C" for its customers in Saskatchewan. The net over or under-collection would be refunded to its Saskatchewan customers utilizing the estimated consumption by those customers as a class, in the period July 1 to June 30. The difference between the annual amount collected or refunded as a result of the reconciliation would be carried over to the subsequent July 1 to June 30 period.

The Board considered the Company's proposal to be at variance with the treatment accorded to its Alberta customers ineligible for the natural gas rebates; the latter being refunded or invoiced immediately following the Board's approval of the Company's quarterly reconciliation of over or under-collections under Rider "C". The proposal, if approved, would mean the Company's Saskatchewan customers would not receive the full benefit of the refund or would not have to pay for the reconciled amount until eighteen months after the end of the year for which the reconciliation was filed. However, since the 1985 reconciled amount of $87,706.14 had not been refunded, the Board considered it just and reasonable to give immediate effect to the 1985 refund and accordingly, approved a 17.6 cents per GJ reduction in Rider "C" applicable to the Company's Saskatchewan customers effective on all consumption on and after August 1, 1986 up to and including June 30, 1987.

The Board ordered the Company to refund or collect the Rider "C" reconciled amount related to the Company's Saskatchewan customers for the six month period ended June 30, 1986 utilizing the forecast Saskatchewan sales for the period January 1, 1987 to June 30, 1987. With respect to the reconciled amount for the quarter ending September 30, 1986, the Board ordered the Company to refund or invoice the reconciled amount utilizing the forecast Saskatchewan sales for the period April 1, 1987 to June 30, 1987. Thereafter, each quarter's reconciled amount was ordered to be invoiced or refunded utilizing the forecast Saskatchewan sales for the quarter commencing six months after the end of the period for which a reconciliation has been filed.

4.38 (a) RE86051/E4.14.2/Northwestern Utilities Limited

(b) Complaint by Mr. Michael Lancaster respecting certain amounts charged to him by Northwestern Utilities Limited for natural gas service. Mr. Lancaster requested that the amount of $415.99 plus related penalty charges be removed from his residence account at 14911 - 54A Street, Edmonton, and that service to his residence be reinstated. Mr. Lancaster made an additional request at the Hearing for relief with respect to a bill from Northwestern Utilities Limited in the amount of $355.74 for gas service to his residence for January, 1985, claiming it was excessive for one month's service.

(c) The Board issued Interim Order E86075 on November 14, 1986 and ordered Northwestern Utilities Limited to restore natural gas service to Mr. Lancaster's residence pending the Board's further investigation into the matter and pending a final decision of the Board. The Board's final decision on this matter was pending at year-end.

4.39 (a) RE86052/E4.14.35-49/Northwestern Utilities Limited

(b) Application by Amoco Canada Petroleum Company Ltd. for an Order or Orders of the Board:

"requiring Northwestern Utilities Limited to provide to Amoco Canada Petroleum Company Ltd., a restrictive service transportation agreement for 171x10^{3}m^3/day of solution gas, at the

rates specified in Rate 10 from the Receipt Points to the Delivery Point, pending the outcome of the Gas Transportation Inquiry which the Board has indicated will be held in the fall of 1986 to review the issue of short-term transportation contracts;".

(c) Interim Order E86065 dated September 29, 1986 ordered that Northwestern Utilities Limited provide to Amoco Canada Petroleum Company Ltd. restrictive service transportation for $171x10^3m^3$/day of solution gas, at the rates specified in Rate 10 from the Receipt Points to the Delivery Point in the Pembina Cardium field on an interim basis until such time as the Board has issued a policy order with respect to gas transportation and given effect to that policy. Reasons for the decision were to follow. The Board's final disposition of this matter was held in abeyance pending the outcome of the Natural Gas Transportation Rates Inquiry.

4.40 (a) RE86061/E4.14.35-50/Northwestern Utilities Limited

(b) For approval of a change in the Rider "A" listing of the Village of Millet.

(c) In process at year-end.

4.41 (a) RE86063/E4.14.58/Northwestern Utilities Limited

(b) For approval to make adjustments in the total charges for natural gas service to certain "Special Contract and High Load Factor" customers arising out of fluctuations to the cost of "non-rebateable" natural gas for the period January 1, 1986 to June 30, 1986.

(c) Approved/E86069 dated October 1, 1986.

4.42 (a) RE86066/E4.14.2/Northwestern Utilities Limited

(b) Complaint by Belfast Oils and James C. Crawford respecting rates, tolls and charges for carriage of gas by Northwestern Utilities Limited.

(c) In process at year-end.

4.43 (a) RE86095/E4.14.24(1)(e)-24/Northwestern Utilities Limited

(b) For an Order approving the purposes of and authorizing the issue of 1,280,000 7.08% Cumulative Redeemable Second Preferred Shares Series M to Canadian Utilities Limited (CUL) to fund the sum of $32,000,000 received from CUL, to be used to redeem all outstanding 14% Second Preferred Shares Series F.

(c) Approved/E86108 dated December 30, 1986.

4.44 (a) RE86096/E4.14.24(1)(e)-25/Northwestern Utilities Limited

(b) For an Order approving the purposes of and authorizing the issue of a 9.85% Debenture in the principal amount of $6,000,000 to Canadian Utilities Limited.

(c) Approved/E86107 dated December 30, 1986.

4.45 (a) RE86097/E4.14.58/Northwestern Utilities Limited

(b) For approval to make adjustments in the total charges for natural gas service to certain "Special Contract and High Load Factor" customers, and to its customers in Lloydminster, Saskatchewan, arising out of fluctuations to the cost of "non-rebateable" natural gas for the period January 1, 1986 to September 30, 1986.

(c) Approved/E86101 dated December 17, 1986.

4.46 (a) RE86102/E4.14.35-52/Northwestern Utilities Limited (NUL)

(b) Application by Texaco Canada Resources for an Interim Order of the Board requiring NUL to provide restrictive transportation service in the Pembina Cardium field.

(c) Approved Interim Order C86037 dated December 17, 1986. Final disposition held in abeyance pending the outcome of the Natural Gas Transportation Rates Inquiry.

4.47 (a) RE86105/E4.14.24(1)(e)-26/Northwestern Utilities Limited

(b) For an Order approving the purposes of and authorizing the issue of a 10.25% Debenture in the principal amount of $5,000,000 to Canadian Utilities Limited.

(c) Approved/E86117 dated December 30, 1986.

4.48 (a) RE86106/E4.14.35-53/Northwestern Utilities Limited (NUL)

(b) Application by Esso Resources Canada Limited for an Order or Orders of the Board requiring NUL to provide restrictive transportation services.

(c) Interim Order E86118 dated December 23, 1986 approved the application and ordered NUL to provide transportation of solution gas for Esso Resources Canada Limited from their receipt point in the Pembina field to the NOVA intercept as specified in the application at NUL's Rate No. 10 (as approved by the Board from time to time) for the period from December 1, 1986 on an interim refundable basis until such time as the Board has issued a policy order with respect to gas transportation and given effect to that policy.

The final disposition of this matter was held in abeyance pending the outcome of the Natural Gas Transportation Rates Inquiry.

4.49 (a) RE86107/E4.14.35-54/Northwestern Utilities Limited

(b) Application by Esso Resources Canada Limited for an Interim Order re: NUL Rate No. 4.

(c) In process at year-end.

4.50 (a) RE86101/E4.19.35-13/Tilley Gas Company Ltd.

(b) For approval of a change in rates.

(c) (1) **Interim Rates**

Interim Order C86036 dated December 17, 1986 approved the Company's ex parte application for an interim refundable rate increase to recover current operating costs.

The Board heard evidence from the Company's consultant in a hearing December 15, 1986 in the Board's Calgary offices that the Company was not recovering its current operating expenses and had no financial resources on which to fall back. The Company's Drilling Reserve Fund had been depleted.

The Board approved an interim rate rider of $.50/mcf effective December 17, 1986 on all gas consumption between December 1, 1986 and April 30, 1987 or until such earlier time as the Board has concluded a rate hearing.

(2) **Final Rates**

A hearing has been scheduled for early 1987 to examine the Company's General Rate Application.

SECTION 5: GAS UTILITIES Municipally-owned

Data reported in groups arranged alphabetically according to the name of the regulated utility to which the application refers, and within each group are arranged in order of registration number.

APPLICATION PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/ REGULATED ENTITY
ITEM (b) SUBJECT MATTER
NUMBER (c) DISPOSITION/REFERENCE

5.01 (a) RE86009/E4.114.55-1/Town of Castor Gas System
(b) For a determination of transportation costs under its natural gas supply contract with Sulpetro Limited pursuant to Section 10(4) of the Natural Gas Rebates Regulations.
(c) Decision E86045 dated July 4, 1986 denied the Application. The Board reviewed the applicable legislation and concluded that it did not have any authority to review and vary the point of delivery as determined by the Director of Rebates pursuant to Section 10(1) of the Natural Gas Rebates Regulations, as requested by the Town. The Board considered that its jurisdiction is clearly limited to a determination of transportation costs after the Director's determination of the point of delivery. The Board also considered that the Town was not left without remedy, as the Minister of Utilities had designated a person to whom the town could appeal the decision of the Director of Rebates.

5.02 (a) RE85080/E4.105.35-14/Town of High Prairie Gas Utility
(b) For an Order or Orders determining just and reasonable rules, standards and regulations to be imposed, observed and followed by the Applicant with respect to services rendered to its customers.
(c) Order E86001 dated January 6, 1986 approved the Standards, Classifications and Regulations as proposed by the Town, subject to a minor amendment in wording on page five.

5.03 (a) RE86007/E4.107.35-18/Town of Slave Lake Gas System
(b) For approval of a change in rates.
(c) By Motion of Town Council dated June 25, 1986 the Town requested that its application for a change in gas rates be withdrawn.

SECTION 6: UTILITIES NOT OFFERING UTILITY SERVICES TO THE GENERAL PUBLIC

Data reported in groups arranged alphabetically according to the name of the regulated utility to which the application refers, and within each group are arranged in order of registration number.

APPLICATION PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/ REGULATED ENTITY
ITEM (b) SUBJECT MATTER
NUMBER (c) DISPOSITION/REFERENCE

6.01 (a) RE86006/E3.504.70.1/Canadian Utilities Limited
(b) For an Order of the Board declaring that Section 91.1(2)(a) of the Public Utilities Board Act and Section 25.1(2)(a) of the Gas Utilities Act do not apply to the issue of Second Preferred Shares Series L of Canadian Utilities Limited.
(c) Approved/Ex parte Order E86008 dated February 6, 1986.

6.02 (a) RE86022/E3.504.70.1/Canadian Utilities Limited
(b) Application for a declaration that Section 91.1(2)(a) of the Public Utilities Board Act and Section 25.1(2)(a) of the Gas Utilities Act do not apply to the issue of the first 1986 Series Debentures of Canadian Utilities Limited.
(c) Approved/Ex parte Order E86030 dated April 30, 1986.

6.03 (a) RC86002/C3.559.70.1(1)(c)/Cigas Products Ltd. and Superior Propane Limited
(b) For an Order of the Board declaring that, for the purposes of a certain transaction, the provisions of Section 99 of the Public Utilities Board Act, and Sections 50 and 51 of the Gas Utilities Act to the extent that they incorporate Section 99 of the Public Utilities Board Act, do not apply to the Applicant.
(c) Approved/Ex parte Order C86006 dated February 27, 1986.

6.04 (a) RC86013/C3.560.70.1(1)(c)/Gulf Canada Corporation, on behalf of itself, and its subsidiary HWR Holdings Inc. (New HRW), and of Hiram Walker Resources Ltd., Walker-Home Oil Limited and Vendor Subco Inc., and Home Oil Company and Interprovincial Pipe Line Limited and its subsidiary IPL Subco Ltd. and IPL Amalco
(b) For an Order of the Board declaring that, for the purposes of certain transactions, the provisions of Section 99 of the Public Utilities Board Act, and Sections 50 and 51 of the Gas Utilities Act to the extent that they incorporate Section 99 of the Public Utilities Board Act, do not apply to the Applicants.
(c) Approved/Ex parte Order C86010 dated August 13, 1986 as amended by Order C86032 dated December 2, 1986.

6.05 (a) RC86001/C3.558.70.1(1)(c)/Texaco Canada Inc.
(b) For an Order of the Board declaring that, for the purposes of a certain transaction, the provisions of Section 99 of the Public Utilities Board Act, and Sections 50 and 51 of the Gas Utilities Act to the extent that they incorporate Section 99 of the Public Utilities Board Act, do not apply to the Applicant.
(c) Approved/Ex parte Order C86001 dated January 22, 1986.

SECTION 7: MUNICIPALITIES

SECTION 7A: Applications under the Municipal Government Act, by municipalities for approval to enter into supply and special franchise agreements or renewals or alterations thereof with owners of utilities. Where agreements incorporate provisions whereby the municipality agrees to accept a percentage of the gross revenue of the franchise holder in lieu of taxing the special franchise and property of the holder used in the exercise of the franchise pursuant to the Municipal Taxation Act, the amount of such percentage is reflected.

Data reported in groups arranged alphabetically according to the name of the regulated utility to which the application refers, and within each group are arranged in order of registration number.

APPLICATION PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/ APPLICANT
ITEM (b) SUBJECT MATTER
NUMBER (c) DISPOSITION/REFERENCE

7.01 (a) RE86062/E6.36.3/Town of Castor

(b) For approval to renew an electric power supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Alberta Power Limited/ based on an escalating percentage of gross revenue.

(c) In process at year-end.

7.02 (a) RE86079/E6.193.3/Village of Consort

(b) For approval to renew an electric power supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Alberta Power Limited/ based on an escalating percentage of gross revenue.

(c) In process at year-end.

7.03 (a) RE86086/E6.64.3/Town of High Prairie

(b) For approval to renew an electric power supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Alberta Power Limited/ based on an escalating percentage of gross revenue.

(c) In process at year-end.

7.04 (a) RE86099/E6.117.3/Town of Vegreville

(b) For approval to renew an electric power supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Alberta Power Limited/ based on an escalating percentage of gross revenue.

(c) In process at year-end.

7.05 (a) RE86100/E6.29.3/Town of Bonnyville

(b) For approval to renew an electric power supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Alberta Power Limited/ based on an escalating percentage of gross revenue.

(c) In process at year-end.

7.06 (a) RC86005/E6.33.4/Town of Canmore

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Canadian Western Natural Gas Company Limited/at a rate of 5.26%.

(c) Approved/C86008 dated July 2, 1986.

7.07 (a) RC86006/E6.270.4/Village of Nobleford

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Canadian Western Natural Gas Company Limited/at a rate of 5.26%.

(c) Approved/C86007 dated July 2, 1986.

7.08 (a) RC86008/E6.86.4/Town of Picture Butte

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Canadian Western Natural Gas Company Limited/at a rate of 5.26%.

(c) Approved/C86012 dated September 17, 1986.

7.09 (a) RC86010/E6.35.4/Town of Carstairs

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Canadian Western Natural Gas Company Limited/at a rate of 5.26%.

(c) Approved/C86015 dated September 17, 1986.

7.10 (a) RC86011/E6.83.4/Town of Olds

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Canadian Western Natural Gas Company Limited/at a rate of 6%.

(c) Approved/C86014 dated September 17, 1986.

7.11 (a) RC86012/E6.134.4/Town of Bowden

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Canadian Western Natural Gas Company Limited/at a rate of 5.26%.

(c) Approved/C86016 dated September 17, 1986.

7.12 (a) RC86014/E6.67.4/Town of Innisfail

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Canadian Western Natural Gas Company Limited/at a rate of 5.26%.

(c) Approved/C86019 dated October 15, 1986.

7.13 (a) RC86015/E6.45.4/Town of Didsbury

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Canadian Western Natural Gas Company Limited/at a rate of 5.26%.

(c) Approved/C86026 dated November 7, 1986.

7.14 (a) RC86023/E6.138.4/Town of Crossfield

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Canadian Western Natural Gas Company Limited/at a rate of 5.26%.

(c) Approved/C86028 dated November 7, 1986.

7.15 (a) RC86024/E6.135.4/Town of Penhold

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Canadian Western Natural Gas Company Limited/at a rate of 5.26%.

(c) Approved/C86020 dated October 15, 1986.

7.16 (a) RC86027/E6.200.4/Village of Delburne

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Canadian Western Natural Gas Company Limited/at a rate of 5.26%.

(c) Approved/C86027 dated November 7, 1986.

7.17 (a) RC86037/E6.18.4/City of Airdrie

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Canadian Western Natural Gas Company Limited/at a rate of 5.26%.

(c) Approved/C86034 dated December 17, 1986.

7.18 (a) RE86053/E6.7.7/City of Edmonton

(b) An application to the Board pursuant to Section 279 of the Municipal Government Act.

(c) By letter dated August 22, 1986 the City of Edmonton withdrew its application and by letter dated August 27, 1986 the Board accepted the withdrawal of the application.

7.19 (a) RE86023/E6.311.4/Village of Waskatenau

(b) For approval to alter and assign the natural gas supply and special franchise agreement entered into between the Village and Superior Natural Gas Service Ltd./ICG Utilities (Alberta) Ltd.

(c) Approved/E86031 dated May 7, 1986.

7.20 (a) RE86041/E6.326.4/Summer Village of White Sands

(b) For approval to enter into a natural gas supply contract and to confer a special franchise for a period not in excess of 20 years/ ICG Utilities (Alberta) Ltd.

(c) In process at year-end.

7.21 (a) RE86056/E6.279.4/Summer Village of Rochon Sands

(b) For approval to enter into a natural gas supply contract and to confer a special franchise for a period not in excess of 20 years/ ICG Utilities (Alberta) Ltd.

(c) In process at year-end.

7.22 (a) RE86058/E6.23.4/Town of Barrhead

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/ICG Utilities (Alberta) Ltd./at a rate of 3.1%.

(c) In process at year-end.

7.23 (a) RE86084/E6.256.4/Summer Village of Ma-Me-O Beach

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years/ ICG Utilities (Alberta) Ltd.

(c) In process at year-end.

7.24 (a) RE86008/E6.132.4/Town of Bruderheim

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Northwestern Utilities Limited/at a rate of 5.25%.

(c) Approved/E86033 dated May 13, 1986.

7.25 (a) RE86010/E6.288.4/Village of Sangudo

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Northwestern Utilities Limited/at a rate of 5.26%.

(c) Approved/E86032 dated May 13, 1986.

7.26 (a) RE86034/E6.76.4/Town of Mayerthorpe

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Northwestern Utilities Limited/at a rate of 5.26%.

(c) Approved/E86055 dated August 20, 1986.

7.27 (a) RE86035/E6.108.4/Town of Sylvan Lake

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Northwestern Utilities Limited/at a rate of 5.26%.

(c) In process at year-end.

7.28 (a) RE86060/E6.259.4/Town of Millet

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Northwestern Utilities Limited/at a rate of 6.25%.

(c) In process at year-end.

7.29 (a) RE86083/E6.314.4/Village of Wildwood

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Northwestern Utilities Limited/at a rate of 5.26%.

(c) Approved/E86113 dated December 22, 1986.

7.30 (a) RE86088/E6.213.4/Village of Entwistle

(b) For approval to renew a natural gas supply contract and to confer a special franchise for a period not in excess of 10 years and to renew a revenue tax agreement/Northwestern Utilities Limited/at a rate of 5%.

(c) Approved/E86112 dated December 22, 1986.

7.31 (a) RE86005/E6.4.7/City of Calgary

(b) For approval to enter into a transportation supply contract and to confer a special franchise on Southland Transportation Ltd. for a period of one year.

(c) Decision E86019 and Order E86020 both dated April 4, 1986 approved the application. The service to be furnished by Southland Transportation Ltd. is a paratransit service in the communities of Martindale/Taradale, Hawkwood East/Edgemont Pointe and Shawnessy/Millrise within the City of Calgary. The Board found that the short term proposal would be in the public interest so as to test the effectiveness of the program to supply service to communities with new subdivisions.

7.32 (a) RE86002/E6.111.4/Town of Three Hills

(b) For approval to enter into a natural gas supply contract and to confer a special franchise for a period not in excess of 20 years and to enter into a revenue tax agreement/Three Hills Gas Co-op Ltd./at a rate of 3.1%.

(c) Order E86015 dated April 2, 1986 approved the application. The application concerned lands annexed by the Town on December 31, 1984. The residents of this area were receiving natural gas service from the Co-op at the time of the annexation. The Town wished the Co-op to continue to serve these residents, in accordance with Section 281.1 of the Municipal Government Act. ICG Utilities (Alberta) Ltd. serves the remaining residents of the Town and appeared at the hearing to voice its objection to the application.

The Board concluded from the evidence before it that the Co-op was financially and otherwise able to provide safe and adequate service to the residents of the annexed area. It also seemed clear to the Board that the Co-op would suffer severe financial hardship should the application be denied. The Board considered that Sections 279 and 281.1 of the Municipal Government Act give it the statutory authority and therefore the jurisdiction to approve a natural gas supply contract and special franchise agreement between a rural gas utility and a municipality. Furthermore, the Board found that the contract reflected necessity and public convenience and properly conserved the public interest. It also appeared to the Board that the proposed revenue tax agreement was reasonable.

7.33 (a) RC86029/E6.81.3/Town of Nanton

(b) For approval to renew an electric power supply contract and to confer a special franchise for a period not in excess of 10 years/ TransAlta Utilities Corporation.

(c) Approved/C86023 dated November 7, 1986.

7.34 (a) RC86030/E6.262.3/Village of Mirror

(b) For approval to renew an electric supply contract and to confer a special franchise for a period not in excess of 10 years/ TransAlta Utilities Corporation.

(c) In process at year-end.

7.35 (a) RC86034/E6.184.3/Village of Cayley

(b) For approval to renew an electric power supply contract and to confer a special franchise for a period not in excess of 10 years/ TransAlta Utilities Corporation.

(c) Approved/C86031 dated November 26, 1986.

7.36 (a) RC86035/E6.102.3/Town of Stavely

(b) For approval to renew an electric power supply contract and to confer a special franchise for a period not in excess of 10 years/ TransAlta Utilities Corporation.

(c) Approved/C86024 dated November 7, 1986.

7.37 (a) RC86036/E6.308.3/Village of Warburg

(b) For approval to renew an electric supply contract and to confer a special franchise for a period not in excess of 10 years/ TransAlta Utilities Corporation.

(c) In process at year-end.

SECTION 7B: Applications under the Municipal Government Act, by municipalities for approval to enter into contracts or renewals thereof, providing for the supply of light, power, natural gas, artificial gas or water to the municipality for the use of the municipal public utility.

Data reported in groups arranged alphabetically according to the name of the regulated utility to which the application refers, and within each group are arranged in order of registration number.

APPLICATION PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/ APPLICANT
ITEM NUMBER
(b) SUBJECT MATTER
(c) DISPOSITION/REFERENCE

7.38 (a) RE86087/E6.217.4/Village of Forestburg

(b) For approval to enter into a natural gas supply contract for a period not in excess of 20 years/Voyager Energy Company.

(c) Approved/E86114 dated December 22, 1986.

7.39 (a) RE85069/E6.420.4/County of Smoky Lake No. 13

(b) For approval to enter into a natural gas supply contract/Town of Smoky Lake.

(c) Approved/E86012 dated April 2, 1986.

7.40 (a) RE85079/E6.98.4/Town of Smoky Lake

(b) For approval to enter into a natural gas supply contract/County of Smoky Lake No. 13.

(c) Approved/E86011 dated April 2, 1986.

SECTION 7C: Applications under the Improvement Districts Act and the Special Areas Act by the Minister of Municipal Affairs for approval to enter into contracts with utilities undertaking to provide street lighting in a hamlet situated in an improvement district or special area, or with utilities to supply light, power, gas, natural gas, water or a sewerage system to persons resident in the improvement district or special area or in any specified part or parts thereof.

Data reported in groups arranged alphabetically according to the name of the regulated utility to which the application refers, and within each group are arranged in order of registration number.

APPLICATION PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/ APPLICANT
ITEM NUMBER
(b) SUBJECT MATTER
(c) DISPOSITION/REFERENCE

7.41 (a) RE86012/E6.551-2.3/Minister of Municipal Affairs for the Hamlet of Buffalo

(b) For approval to renew a street lighting agreement/Alberta Power Limited.

(c) Approved/E86022 dated June 4, 1986.

7.42 (a) RE86013/E6.551-3.3/Minister of Municipal Affairs for the Hamlet of Cavendish

(b) For approval to renew a street lighting agreement/Alberta Power Limited.

(c) Approved/E86023 dated June 4, 1986.

7.43 (a) RE86014/E6.551-4.3/Minister of Municipal Affairs for the Hamlet of Cessford

(b) For approval to renew a street lighting agreement/Alberta Power Limited.

(c) Approved/E86024 dated June 4, 1986.

7.44 (a) RE86015/E6.551-5.3/Minister of Municipal Affairs for the Hamlet of Dorothy

(b) For approval to renew a street lighting agreement/Alberta Power Limited.

(c) Approved/E86025 dated June 4, 1986.

7.45 (a) RE86016/E6.551-9.3/Minister of Municipal Affairs for the Hamlet of Richdale

(b) For approval to renew a street lighting agreement/Alberta Power Limited.

(c) Approved/E86026 dated June 4, 1986.

7.46 (a) RE86017/E6.551-12.3/Minister of Municipal Affairs for the Hamlet of Scotfield

(b) For approval to renew a street lighting agreement/Alberta Power Limited.

(c) Approved/E86027 dated June 4, 1986.

7.47 (a) RE86018/E6.551-17.3/Minister of Municipal Affairs for the Hamlet of Wardlow

(b) For approval to renew a street lighting agreement/Alberta Power Limited.

(c) Approved/E86028 dated June 4, 1986.

7.48 (a) RE86019/E6.551-18.3/Minister of Municipal Affairs for the Hamlet of Watts

(b) For approval to renew a street lighting agreement/Alberta Power Limited.

(c) Approved/E86029 dated June 4, 1986.

7.49 (a) RE86045/E6.553-1.3/Minister of Municipal Affairs for the Hamlet of Altario

(b) For approval to renew a street lighting agreement/Alberta Power Limited.

(c) Approved/E86060 dated September 17, 1986.

7.50 (a) RE86046/E6.553-2.3/Minister of Municipal Affairs for the Hamlet of Compeer

(b) For approval to renew a street lighting agreement/Alberta Power Limited.

(c) Approved/E86062 dated September 17, 1986.

7.51 (a) RE86047/E6.552-4.3/Minister of Municipal Affairs for the Hamlet of Hemaruka

(b) For approval to renew a street lighting agreement/Alberta Power Limited.

(c) Approved/E86054 dated September 17, 1986.

7.52 (a) RE86048/E6.553-4.3/Minister of Municipal Affairs for the Hamlet of Loyalist

(b) For approval to renew a street lighting agreement/Alberta Power Limited.

(c) Approved/E86063 dated September 17, 1986.

7.53 (a) RE86049/E6.553-5.3/Minister of Municipal Affairs for the Hamlet of Monitor

(b) For approval to renew a street lighting agreement/Alberta Power Limited.

(c) Approved/E86061 dated September 17, 1986.

7.54 (a) RE86069/E6.552-5.3/Minister of Municipal Affairs for the Hamlet of Lanfine

(b) For approval to renew a street lighting agreement/Alberta Power Limited.

(c) Approved/E86089 dated November 5, 1986.

7.55 (a) RE86070/E6.551-14.3/Minister of Municipal Affairs for the Hamlet of Spondin

(b) For approval to renew a street lighting agreement/Alberta Power Limited.

(c) Approved/E86093 dated November 5, 1986.

7.56 (a) RE86071/E6.551-16.3/Minister of Municipal Affairs for the Hamlet of Sunnynook

(b) For approval to renew a street lighting agreement/Alberta Power Limited.

(c) Approved/E86095 dated November 5, 1986.

7.57 (a) RE86072/E6.551-15.3/Minister of Municipal Affairs for the Hamlet of Stanmore

(b) For approval to renew a street lighting agreement/Alberta Power Limited.

(c) Approved/E86094 dated November 5, 1986.

7.58 (a) RE86073/E6.552-8.3/Minister of Municipal Affairs for the Hamlet of Sibbald

(b) For approval to renew a street lighting agreement/Alberta Power Limited.

(c) Approved/E86092 dated November 5, 1986.

7.59 (a) RE86074/E6.551-13.3/Minister of Municipal Affairs for the Hamlet of Sheerness

(b) For approval to renew a street lighting agreement/Alberta Power Limited.

(c) Approved/E86091 dated November 5, 1986.

7.60 (a) RE86075/E6.551-11.3/Minister of Municipal Affairs for the Hamlet of Scapa

(b) For approval to renew a street lighting agreement/Alberta Power Limited.

(c) Approved/E86090 dated November 5, 1986.

7.61 (a) RE86076/E6.552-3.3/Minister of Municipal Affairs for the Hamlet of Excel

(b) For approval to renew a street lighting agreement/Alberta Power Limited.

(c) Approved/E86088 dated November 5, 1986.

7.62 (a) RE86067/E6.551-6.3/Minister of Municipal Affairs for the Hamlet of Iddesleigh

(b) For approval to renew a street lighting agreement/TransAlta Utilities Corporation.

(c) Approved/E86086 dated November 5, 1986.

7.63 (a) RE86068/E6.551-7.3/Minister of Municipal Affairs for the Hamlet of Jenner

(b) For approval to renew a street lighting agreement/TransAlta Utilities Corporation.

(c) Approved/E86087 dated November 5, 1986.

SECTION 7D: Applications under the Municipal Government Act, by customers of municipally-owned utilities appealing rates, tolls or charges of a municipally-owned utility.

Data reported in groups arranged alphabetically according to the name of the regulated utility to which the application refers, and within each group are arranged in order of registration number.

ITEM NUMBER

APPLICATION PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/ APPLICANT
(b) SUBJECT MATTER
(c) DISPOSITION/REFERENCE

7.64 (a) RE86026/E6.34.2/Town of Cardston Electric System

(b) Complaint by Mr. Keith Russell alleging improper billing practices.

(c) Hearing adjourned sine die pending the outcome of negotiations between the Complainant and the Town.

7.65 (a) RE86024/E6.105.4/Town of St. Paul Water System

(b) Complaint by Judy Stangier alleging unfair billing practices.

(c) Complainant was advised by letter dated October 22, 1986 that the Board was closing its file on this matter, in light of the complainant's failure to contact the Board to arrange a suitable date for a public hearing.

SECTION 7E: Applications for approval or consent for actions other than those described in Sections 7A through 7D.

Data reported in groups arranged alphabetically according to the name of the regulated utility to which the application refers, and within each group are arranged in order of registration number.

APPLICATION PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/ MUNICIPALITY
ITEM (b) SUBJECT MATTER
NUMBER (c) DISPOSITION/REFERENCE

7.66 (a) RE86038/E6.14.7/City of St. Albert

(b) For an Order approving the extension of St. Albert's transportation system beyond the boundaries of St. Albert into part of the City of Edmonton.

(c) By Order E86057 dated August 27, 1986, the Board approved the extension of St. Albert's transportation system beyond the boundaries of St. Albert in accordance with the terms and conditions of the contract between the City of St. Albert and the City of Edmonton.

SECTION 8: COMPLAINTS UNDER THE NOVA, AN ALBERTA CORPORATION ACT

APPLICATION PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/ REGULATED ENTITY
ITEM (b) SUBJECT MATTER
NUMBER (c) DISPOSITION/REFERENCE

There were no applications in this category before the Board in 1986.

SECTION 9: APPEALS UNDER THE NATURAL GAS PRICING AGREEMENT ACT

Data reported in order of registration number.

APPEAL PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/ APPELLANT
ITEM (b) SUBJECT MATTER
NUMBER (c) DISPOSITION/REFERENCE

9.01 (a) RE85048/E4.302.88-2/Amoco Canada Petroleum Company Ltd.

(b) Appeal from a decision of the Alberta Petroleum Marketing Commission. Determination of the Alberta Cost of Service for TransCanada Pipelines Limited for the month of December 1984.

(c) Adjourned sine die at the request of the Appellant and the Intervenor.

9.02 (a) RE84062/E4.533.88-1/Canterra Energy Ltd.

(b) Appeal from a decision of the Alberta Petroleum Marketing Commission, Determination 84-12 (CNG).

(c) By letter dated May 5, 1986, the Appeal was withdrawn by the Applicant.

9.03 (a) RC86031/E4.1835.88-1/Dynamar Energy Ltd.

(b) Appeal from a decision of the Alberta Petroleum Marketing Commission. Determination of the Alberta Cost of Service for TransCanada Pipelines Limited for the months of November 1983 to January 1986.

(c) In process at year-end.

9.04 (a) RE80195/E4.707.88-1, 88-2/Husky Oil Operations Ltd.

(b) Appeal re: Order E83061 re: fuel gas cost allocation.

(c) Held in abeyance at the request of the Appellant.

9.05 (a) RC80256/E4.707.88-5/Husky Oil Operations Ltd.

(b) Appeal from a decision of the Alberta Petroleum Marketing Commission, dated June 10, 1980, sulphur revenue appeal.

(c) Adjourned sine die at the request of the Appellant.

9.06 (a) RC80415/E4.707.88-6/Husky Oil Operations Ltd.

(b) Appeal from a decision of the Alberta Petroleum Marketing Commission, dated October 8, 1980, sulphur revenue appeal.

(c) Adjourned sine die at the request of the Appellant.

9.07 (a) RE81024/E4.2052.88-1/ICG Exploration Ltd.

(b) Appeal from a decision of the Alberta Petroleum Marketing Commission, dated January 23, 1981, re: transportation charges.

(c) Held in abeyance pending further advice from the Appellant.

9.08 (a) RE86059/E4.998.88-1/Petrogas Processing Ltd.

(b) Appeal from a decision of the Alberta Petroleum Marketing Commission. Determination of the Alberta Cost of Service for Westcoast Transmission Company Limited for the months of April 1986 and May 1986.

(c) In process at year-end.

9.09 (a) RE81116/E4.848.6-3/Saratoga Processing Company Limited

(b) For an Order of the Board fixing the rates, tolls and charges for the processing of gas in the Coleman Gas Plant, near Coleman, Alberta.

(c) Held in abeyance pending further advice from the Applicant.

9.10 (a) RC86038/C4.889.88-3/TransCanada Pipelines Limited

(b) Appeal from a decision of the Alberta Petroleum Marketing Commission. Determination of the Alberta Cost of Service for TransCanada Pipelines Limited for the month of September 1986.

(c) In process at year-end.

9.11 (a) RC86041/C4.916.88/Westcoast Transmission Company Limited

(b) Appeal from a decision of the Alberta Petroleum Marketing Commission. Determination of the Alberta Cost of Service for Westcoast Transmission Company Limited for the month of August 1986.

(c) In process at year-end.

SECTION 10: MILK PRICING

Data reported in order of registration number

APPLICATION PARTICULARS
(a) REGISTRATION NUMBER/FILE NUMBER/ REGULATED ENTITY
ITEM (b) SUBJECT MATTER
NUMBER (c) DISPOSITION/REFERENCE

10.01 (a) RE85006/E8.4.11-10 (W.R)/Canadian Federation of Independent Grocers, Woodward Stores, The Calgary Co-operative Association, Horne & Pitfield Foods Ltd., Alberta Grocers Wholesale Ltd., Associated Grocers Wholesale Ltd. and Western Grocers Division of Westfair Foods Limited

(b) For approval of an increase in the minimum retail prices of fluid milk and milk products.

(c) Decision E86003 dated February 21, 1986, as amended by Order E86013 dated February 25, 1986, approved a 2 cents per litre increase in the spread between minimum wholesale and minimum retail prices for fluid milk and milk products, effective March 1, 1986. The above increase together with a 1 cent per litre increase in the minimum wholesale prices, approved in concurrent Decision E86009, resulted in a 3 cents per litre increase in the minimum retail prices for fluid milk and milk products.

In determining the increase in the spread between minimum wholesale and minimum retail prices, the Board took into consideration, on the one hand:

(i) The Applicants' financial evidence which indicated a net loss before taxes of 3.3 cents per litre at the existing spread between minimum wholesale and minimum retail prices.

(ii) The Applicants' concern respecting inadequacy of retail margins and the impact thereof on fluid milk supply at the retail level.

and on the other hand the Board's concerns that:

(i) The Applicants, in the financial evidence, did not demonstrate the causal relationship between allocated administrative costs and fluid milk operations.

(ii) The Applicants did not provide evidence respecting economies of scale and thereby demonstrate that the costs shown in the financial evidence reflected an optimum recovery of fixed costs.

(iii) The Applicants did not provide details of the various cost components included in the financial evidence for proper evaluations of the costs allocated to fluid milk.

The Board considered that, ideally, the minimum retail price for fluid milk should be set at a level sufficient to give the opportunity to a reasonably efficient operator to earn a reasonable return on sales. However, bearing in mind the above concerns, the Board, on balance, considered that an additional 2 cents per litre spread between minimum wholesale and minimum retail prices was warranted. The Board noted that, while this price increase might not allow retailers to achieve a fully appropriate level of reasonable profit, it nevertheless would serve to alleviate the loss forecast for 1985 on the sale of fluid milk at the existing price level, a situation which has persisted historically as testified to by witnesses for the Applicants, pending the filing by the Applicants of financial information in connection with a subsequent application addressing the concerns of the Board specified in the Decision.

10.02 (a) RE86011/E8.4.4-7/Milk Producers as per report from the Department of Agriculture, Production Economics Branch

(b) The Board proceeding on its own motion pursuant to Section 12 of the Dairy Board Act to decrease the minimum producer price of Class 1 milk by $0.98 per hectolitre and the minimum wholesale and minimum retail prices by 1 cent per litre, effective April 15, 1986, consequent upon a decrease in the producer price formula as monitored by the Department of Agriculture.

(c) Approved/E86017 dated April 8, 1986.

10.03 (a) RE86065/E8.4.4-8/Milk Producers as per report from the Department of Agriculture, Production Economics Branch

(b) The Board proceeding on its own motion pursuant to Section 12 of the Dairy Board Act to decrease the minimum producer price of Class 1 milk by $0.98 per hectolitre and the minimum wholesale and minimum retail prices by 1 cent per litre, effective October 1, 1986, consequent upon a decrease in the producer price formula as monitored by the Department of Agriculture.

(c) Approved/E86066 dated September 24, 1986.

10.04 (a) RE86089/E8.4.4-9/Milk Producers as per report from the Department of Agriculture, Production Economics Branch

(b) The Board proceeding on its own motion pursuant to Section 12 of the Dairy Board Act to decrease the minimum producer price of Class 1 milk by $0.98 per hectolitre and the minimum wholesale and minimum retail prices by 1 cent per litre, effective December 1, 1986, consequent upon a decrease in the producer price formula as monitored by the Department of Agriculture.

(c) Approved/E86099 dated November 24, 1986.

10.05 (a) RE83107/RE84103/E8.4.11-6 (P.D.)/Palm Dairies Limited, Northern Alberta Dairy Pool Limited and Alpha Milk Company (a division of Central Alberta Dairy Pool)

(b) For approval of a 3 cents a litre increase effective January 1, 1984 in the prescribed minimum wholesale and minimum retail prices of fluid milk, cream and other products (the Application).

(c) (1) **General**

Decision E86009 dated February 21, 1986, as amended by Decision E86013, approved a one cent a litre increase in the minimum wholesale price of fluid milk, cream and other products effective March 1, 1986.

On February 15, 1984 the Applicants requested a delay in the hearing scheduled for April 2, 1984, to which the Board consented. On July 4, 1985, the Applicants filed supplementary evidence, again requesting a 3 cents per litre increase in the minimum wholesale price at the earliest possible time.

(2) **Sales Forecasts**
Taking into account the relative stability of sales and the evidence that the actual sales for the first six months of a year can be projected to the end of the year with a fair degree of accuracy, the Board increased the Applicants' sales forecast for 1985 by approximately 1.3% (or 2,488,188 litres). Variable costs of raw milk and ingredients, containers and packages and delivery containers were increased as a result by $1,328,000.

(3) Amounts included in respect of donations ($107,177) and intangibles ($7,481) were considered to be non-utility and accordingly denied.

(4) The Board considered that a 4.8% or $20,282 increase in forecast gas expense was unreasonable given that the best information available to the Applicants at the time they submitted their supplementary evidence was that there would be a net decrease in gas rates. In view of the uncertainty respecting gas rates for the balance of 1985, the Board denied approval of any increase in gas costs.

(5) A 5% inflation factor was applied to those items where specific increases could not be applied. The Board approved a 4% factor in respect of inflation considering the level of inflation rates up to the time of the public hearings. Use of a 4% inflation factor decreased forecast expenses by $33,850.

(6) The Board expressed several concerns with respect to certain cost allocation methods used to allocate costs between "fluid milk" and "other" operations. The Applicants were directed to address the merits of using weight processed method versus volume processed method respecting joint production costs and of using the units sold method to allocate general and administrative costs versus analysing the general and administrative costs and functionalizing them appropriately. The Applicants were further directed to file a detailed cost study to identify direct and joint costs, methods of allocating joint costs showing the derivation of allocation factors, description of the production process and an allocation of total investment in plant between the fluid milk and other categories.

(7) The Board concurred that the "blended" price system with respect to home delivery should be continued.

(8) The Board approved the use of the "flow-through" method of income taxes rather than the "normalization" method employed by the Applicants. Based on evidence and statistical information presented by the Applicants, the Board considered the current comparable corporate income tax rate on average to be in the range of 35%. The Board further considered it to be reasonable, for the purposes of this decision, to allow a recovery of corporate income tax at an average rate of 35% for each of the processors/distributors represented in this Application.

(9) Having considered all of the evidence in the matter and the financial results of certain food processors presented by the Applicants, the Board considered that the Applicants should be allowed the opportunity to earn a return on sales after tax of 2%, for the purposes of this decision.

(10) Between 1980 and 1982 fraudulent activities of certain employees took place at one of the Applicants' processing plants in Edmonton involving manipulation of inventories resulting in a financial impact on the plant of $1,040,693.04 according to the testimony of witnesses called on behalf of the Applicants. On the whole, the evidence on this issue was considered by the Board to be contradictory and inconclusive and it did not support any suggestion that the fraudulent activities had an impact on the Application culminating in Decision E82200 and E82213 or on the material filed in connection with the present application that would cause the Board to consider it as an aspect or factor in determining the minimum price. Based on the Board's view of the evidence coupled with the Board's concern about the difficulties associated with considering this matter now after the lapse of more than three years, the Board in reaching its determination of minimum price excluded any consideration of this topic.

(11) The Board expressed concerns that the existing price differentials used to generate the minimum prices for fluid milk and fluid milk products might not be reflective of the costs associated with their production since a production cost study has not been submitted by the Applicants since 1975. The Applicants were therefore directed to provide a detailed production cost study by plant at the time of their next General Rate Application.

(12) The Board did not incorporate the financial evidence submitted in confidence by Lucerne Foods Ltd. to arrive at the determination in respect of the minimum prices. The Board, however, indicated that this information was useful in the consideration of the Application.

(13) Based on an additional 2 cent spread approved for the wholesalers/retailers in Decision E86003 dated March 21, 1986, the Board considered that a 1 cent a litre increase to the Applicants would provide an opportunity for a reasonably efficient processor/distributor to earn a rate of return on sales of at least 2%.

SECTION 11: OTHER MATTERS

Data reported in groups arranged alphabetically according to the name of the regulated utility to which the application refers, and within each group are arranged in order of registration number.

ITEM NUMBER	APPLICATION PARTICULARS (a) REGISTRATION NUMBER/FILE NUMBER/ APPLICANT (b) SUBJECT MATTER (c) DISPOSITION/REFERENCE
11.01	(a) RE86028/E3.5.5/85, E3.6.5/85, E3.16.5/85/Alberta Power Limited/Edmonton Power/TransAlta Utilities Corporation
	(b) The Board, proceeding pursuant to the Electric Energy Marketing Act and the Public Utilities Board Act, to adjust the prices set in respect of each consumer group at which each of the applicant utilities sold electric energy to the Electric Energy Marketing Agency during 1985.
	(c) Approved/E86100 dated December 19, 1986. An Order setting out the Board's reasons and directions was pending at year-end.
11.02	(a) RE86082/E3.16.3/87/City of Edmonton
	(b) The Board proceeding on its own motion pursuant to the Electric Energy Marketing Act to set the price or pricing formula in respect of each consumer group at which The City of Edmonton (Edmonton Power) shall sell electric energy to the Electric Energy Marketing Agency during 1987.
	(c) Approved/E86081 dated October 31, 1986.
11.03	(a) RE86050/E8.11.22/Hutterian Brethren of Standoff
	(b) Application pursuant to Section 22 of the Water Resources Act for approval to construct, maintain and operate irrigation works across certain unimproved road allowances.
	(c) Withdrawn/October 20, 1986

SECTION 12: ENERGY RESOURCES CONSERVATION BOARD APPLICATIONS

(Applications to which a Member of the Board was Assigned as an Acting Member of the E.R.C.B.)

ITEM NUMBER	APPLICATION PARTICULARS (a) REGISTRATION NUMBER/FILE NUMBER/ REGULATED ENTITY (b) SUBJECT MATTER (c) DISPOSITION/REFERENCE

There were no applications in this category before the Board in 1986.

SECTION 13: GAS UTILITIES BOARD APPLICATIONS

(Applications to which a Member of the Board was Assigned as a Member of the G.U.B.)

ITEM NUMBER	APPLICATION PARTICULARS (a) REGISTRATION NUMBER/FILE NUMBER/ REGULATED ENTITY (b) SUBJECT MATTER (c) DISPOSITION/REFERENCE

There were no applications in this category before the Board in 1986.

APPENDIX 2

LEGISLATIVE AUTHORITIES

Alberta Statutes which explicitly govern the Public Utilities Board are listed alphabetically.

1. Administrative Procedures Act, RSA 1980, Ch.A-2
2. The AGT - Edmonton Telephones Act, SA 1972, Ch.99
3. Alberta Government Telephones Act, RSA 1980, Ch.A-23
4. Alberta Resources Railway Corporation Act, RSA 1980, Ch.A-36
5. Central Western Railway Corporation Act, SA 1984, Ch.71
6. City Transportation Act, RSA 1980, Ch.C-10
7. Clean Air Act, RSA 1980, Ch.C-12
8. Clean Water Act, RSA 1980, Ch.C-13
9. County Act, RSA 1980, Ch.C-27
10. Crowsnest Pass Municipal Unification Act, RSA 1980, Ch.C-39
11. Dairy Board Act, RSA 1980, Ch.D-1
12. Department of the Environment Act, RSA 1980, Ch.D-19
13. Electric Energy Marketing Act, SA 1981, Ch.E-4.1
14. Electrical Power and Pipe Line Assessment Act, RSA 1980, Ch.E-5
15. Energy Resources Conservation Act, RSA 1980, Ch.E-11
16. Gas Utilities Act, RSA 1980, Ch.G-4
17. Hydro and Electric Energy Act, RSA 1980, Ch.H-13
18. Improvement Districts Act, RSA 1980, Ch.I-1
19. Municipal Government Act, RSA 1980, Ch.M-26
20. Municipal Taxation Act, RSA 1980, Ch.M-31
21. Natural Gas Marketing Act, SA 1986, Ch.N-2.8
22. Natural Gas Price Administration Act, RSA 1980, Ch.N-3
23. Natural Gas Pricing Agreement Act, RSA 1980, Ch.N-4
24. Natural Gas Rebates Act, RSA 1980, Ch.N-5
25. NOVA, AN ALBERTA CORPORATION Act, RSA 1980, Ch.N-12
26. Oil and Gas Conservation Act, RSA 1980, Ch.O-5
27. Petroleum Marketing Act, RSA 1980, Ch.P-5
28. Public Utilities Board Act, RSA 1980, Ch.P-37
29. Railway Act, RSA 1980, Ch.R-4
30. Regional Municipal Services Act, SA 1981, Ch.R-9.1
31. Rural Electrification Long Term Financing Act, RSA 1980, Ch.R-17
32. Rural Electrification Revolving Fund Act, RSA 1980, Ch.R-18
33. Rural Gas Act, RSA 1980, Ch.R-19
34. Water, Gas, Electric and Telephone Companies Act, RSA 1980, Ch.W-4
35. Water Resources Act, RSA 1980, Ch.W-5

SUMMARY OF CHANGES IN CUSTOMER RATES

Reflected hereunder is a summary of "average" residential utility bills since 1970.

Calculations are based upon an assumed annual usage of 6000 kWh for electricity, 227 GJ (215 Mcf or 2150 Therms) for gas. A typical residential rate was selected in each case, and applied to ½ of the total annual consumption. These calculations in respect of electric and gas utilities include the franchise tax but exclude the income tax rebate.

1. **TELECOMMUNICATIONS UTILITIES**

(a) Alberta Government Telephones

(1) City of Calgary Residential and Business Local Exchange Rate

DECISION/ ORDER NO.	RATES EFFECTIVE	EXCHANGE MONTHLY BILL RESIDENTIAL	EXCHANGE MONTHLY BILL BUSINESS	PERCENTAGE INCREASE (RESIDENTIAL) OVER 1970	PERCENTAGE INCREASE (RESIDENTIAL) OVER PREVIOUS	PERCENTAGE INCREASE (BUSINESS) OVER 1970	PERCENTAGE INCREASE (BUSINESS) OVER PREVIOUS
	1970	$4.25	$11.00	—	—	—	—
	1971	$4.25	$11.00	—	—	—	—
	1972	$4.25	$11.00	—	—	—	—
	1974	$4.25	$11.00	—	—	—	—
E75151	Dec 1/75	$5.10	$13.20	20.00%	20.00%	20.00%	20.00%
E76091	Sep 1/76	$5.60	$14.50	31.76%	9.80%	31.82%	9.85%
E77148	Aug 1/77	$6.10	$15.90	43.53%	8.93%	44.55%	9.66%
Filing 79-28	Sep 1/79	$6.60	$17.15	55.29%	8.20%	55.91%	7.86%
E82103	Apr 1/82	$7.30	$19.75	71.76%	10.61%	79.55%	15.16%
E83060	Apr 1/83	$7.75	$20.95	82.35%	6.16%	90.45%	6.08%
E84083[1]	Jul 1/84	$9.75	$24.95	129.41%	25.81%	126.82%	19.09%
E85046	Aug 28/85	$9.28	$23.74	118.35%	(4.82%)	115.82%	(4.85%)

[1] Interim rates.

(2) **Calgary to Edmonton Station to Station 5 Minute Message Toll Call**

DECISION/ ORDER NO.	RATES EFFECTIVE	TOLL CHARGE RESIDENTIAL AND BUSINESS	PERCENTAGE INCREASE RESIDENTIAL AND BUSINESS OVER 1970	PERCENTAGE INCREASE RESIDENTIAL AND BUSINESS OVER PREVIOUS
	1970	$1.82	—	—
	1971	$1.82	—	—
	1972	$1.82	—	—
	1973	$1.82	—	—
	1974	$1.82	—	—
E75151	Dec 1/75	$2.20	20.88%	20.88%
E76091	Sep 1/76	$2.41	32.42%	9.55%
E77148	Aug 1/77	$2.48	36.26%	2.90%
E82103	Apr 1/82	$2.85	56.59%	14.92%
E83060	Apr 1/83	$3.05	67.58%	7.02%
E84083[1]	Jul 1/84	$3.10	70.33%	1.64%
E85046	Aug 28/85	$2.94	61.54%	(5.16%)

[1] Interim rates.

APPENDIX 3

2. ELECTRIC UTILITIES

(a) Alberta Power Limited (Grande Prairie)

DECISION/ ORDER NO.	RATES EFFECTIVE	AVERAGE MONTHLY BILL	PERCENTAGE INCREASE OVER 1970	PERCENTAGE INCREASE OVER PREVIOUS
	1970	$12.10	—	—
	1971	$12.10	—	—
	1972	$12.10	—	—
	1973	$12.10	—	—
30761	Jun 1/74	$14.25	17.77%	17.77%
E75076	Aug 1/75	$17.33	43.22%	21.61%
E75163	Jan 1/76	$18.70	54.55%	7.91%
E76036	May 1/76	$19.91	64.55%	6.47%
E77116	Aug 1/77	$24.77	104.75%	24.41%
E79170	Jan 1/80	$27.53	127.52%	11.14%
E80231	Jan 1/81	$32.29	166.86%	17.29%
E81179	Oct 1/81	$37.51	210.00%	16.17%
E82007	Feb 1/82	$49.12	305.95%	30.95%
E82110	Apr 1/82	$45.89	279.26%	(6.58%)
E82211	Sep 1/82	$33.69	178.43%	(26.59%)
Filing 83-1	Feb 2/83	$32.56	169.09%	(3.35%)
Filing 83-5	Nov 1/83	$35.12	190.25%	7.86%
Filing 84-2	Jan 1/84	$36.75	203.72%	4.64%
Filing 84-1	Feb 1/84	$36.86	204.63%	0.30%
Filing 85-1	Feb 1/85	$36.60	202.48%	(0.71%)
E85092	Jul 1/85	$35.04	189.59%	(4.26%)
Filing 85-3 & -4	Aug 1/85	$36.00	197.52%	2.74%
Filing 85-5	Jan 1/86	$35.29	191.65%	(1.97%)
Filing 86-1	Feb 1/86	$35.39	192.48%	0.28%
E86007	Mar 1/86	$28.68	137.02%	(18.96%)
E86071	Oct 1/86	$35.15	190.50%	22.56%
E86072[1]	Nov 1/86	$36.71	203.39%	4.44%

The Filings reflect adjustments to the rate rider reflecting the monies received from the Electric Energy Marketing Commission, and to the rate rider for Municipal Taxes.

[1]Interim rates, net of refund rider.

(b) TransAlta Utilities Corporation
(Rate 150 — Standard, changed to Rate 160 — Standard effective Oct 1/83)
Rates 160 and 170 combined into Rate 190 effective Feb 1/86)

DECISION/ ORDER NO.	RATES EFFECTIVE	AVERAGE MONTHLY BILL	PERCENTAGE INCREASE OVER 1970	PERCENTAGE INCREASE OVER PREVIOUS
	1970	$ 9.00	—	—
	1971	$ 9.00	—	—
	1972	$ 9.00	—	—
	1973	$ 9.00	—	—
30513	Apr 1/73	$10.70	18.89%	18.89%
30656	Apr 1/74	$11.26	25.11%	5.23%
30923	Oct 1/74	$11.38	26.44%	1.06%
30886	Jan 1/75	$13.23	47.00%	16.26%
C75174	Jan 1/76	$15.05	67.22%	13.76%
E76089	Jul 1/76	$16.40	82.22%	8.97%
E76138	Jan 1/77	$18.61	106.77%	13.48%
E78105	Feb 1/78	$21.76	141.78%	15.99%
E79037	Mar 1/79	$23.59	162.11%	8.41%
E80009	Feb 1/80	$25.09	178.78%	6.36%
E81174	Oct 1/81	$29.00	222.22%	15.58%
E82203	Aug 1/82	$29.60	228.89%	2.07%
E83001	Jan 1/83	$34.04	278.22%	15.00%
C83440	Sep 1/83	$34.89	287.66%	2.50%
E83150	Oct 1/83	$39.21	335.67%	12.37%
E84067	May 1/84	$38.25	325.00%	(2.50%)
E85006	Feb 1/85	$40.88	354.22%	6.88%
E85006	Jun 1/85	$38.93[1]	332.56%	(5.00%)[1]
E86005	Feb 1/86	$40.65	351.67%	4.42%

[1]Reflects expiry of 5% rider.

APPENDIX 3

3. **NATURAL GAS UTILITIES**

(a) Canadian Western Natural Gas Company Limited (Calgary)

DECISION/ ORDER NO.	RATES EFFECTIVE	AVERAGE MONTHLY BILL	PERCENTAGE INCREASE OVER 1970	PERCENTAGE INCREASE OVER PREVIOUS
	1970	$ 9.54	—	—
	1971	$ 9.54	—	—
	1972	$ 9.54	—	—
	1973	$ 9.54	—	—
30917	Aug 1/74	$11.49	20.44%	20.44%
C75203	Jul 1/75	$14.29	49.79%	24.37%
C75313	Sep 1/75	$17.87	87.32%	25.05%
C76089	Jul 1/76	$19.54	104.82%	9.35%
E76143	Jan 1/77	$20.55	115.41%	5.17%
E77060	Apr 1/77	$23.16	142.77%	12.70%
E77120	Aug 1/77	$23.85	150.00%	2.98%
E78028	Mar 1/78	$24.60	157.86%	3.14%
E78103	Aug 1/78	$27.90	192.45%	13.41%
E80018	Feb 1/80	$28.69	200.73%	2.83%
E80I36	Oct 1/80	$38.75	306.18%	35.06%
E80391[1]	Nov 1/80	$43.98	361.00%	13.50%
E81053	May 5/81	$46.80	390.53%	6.40%
E81107	Jul 1/81	$50.88	433.31%	8.91%
E81208	Nov 1/81	$49.11	414.73%	(3.09%)
E81249	Jan 1/82	$51.97	444.76%	5.82%
E82017	Feb 1/82	$60.21	531.13%	15.86%
E82193	Aug 1/82	$63.76	568.34%	5.90%
E82204	Sep 1/82	$73.14	666.66%	14.71%
E82204	Jan 1/83	$71.80	652.62%	(1.83%)
E83026	Feb 1/83	$71.03	644.55%	(1.07%)
E83085	Jul 1/83	$65.56	587.21%	(7.70%)
E83086	Aug 1/83	$62.22	552.20%	(5.09%)
E83140	Nov 1/83	$66.44	596.44%	6.78%
E84047	Mar 1/84	$64.57	576.83%	(2.81%)
E85023	Feb 1/85	$66.17	593.61%	2.48%
C85189	Jun 1/85	$62.63	556.50%	(5.35%)
C85248	Nov 1/85	$67.42	606.71%	5.96%
C86005	Apr 1/86	$68.01	612.89%	0.87%
C86002[2]	Oct 1/86	$67.71	609.75%	(0.45%)
C86025[2]	Nov 1/86	$67.61	608.70%	(0.15%)
C86033	Jan 1/87	$67.09	603.25%	(0.77%)

[1] Prices on and after November 1, 1980, include the Federal Natural Gas and Gas Liquids Tax up to February 1, 1984, when the tax was reduced to a zero rate. Prices after May 1, 1981 include the Federal Canadian Ownership Special Charge up to June 1, 1985 when the charge was removed.

[2] Reflects the elimination of the Petroleum and Gas Revenue Tax.

(b) Northwestern Utilities Limited (Edmonton)

DECISION/ ORDER NO.	RATES EFFECTIVE	AVERAGE MONTHLY BILL	PERCENTAGE INCREASE OVER 1970	PERCENTAGE INCREASE OVER PREVIOUS
	1970	$ 9.09	—	—
	1971	$ 9.09	—	—
	1972	$ 9.09	—	—
30948	Nov 1/74	$10.14	11.55%	5.96%
E75048	Jun 1/75	$10.98	20.79%	8.28%
E75063	Jul 1/75	$11.40	25.41%	3.83%
E75148	Oct 1/75	$13.51	48.62%	18.51%
E76043	May 1/76	$18.55	104.07%	37.31%
E76144	Jan 1/77	$21.86	140.48%	17.86%
E77074	May 1/77	$24.65	171.18%	12.76%
E77119	Jul 1/77	$26.27	189.00%	6.57%
E78024	Mar 1/78	$27.00	197.03%	2.77%
E80019	Feb 1/80	$27.74	205.17%	2.74%
E80105	Aug 1/80	$32.10	253.14%	15.71%
E80130	Oct 1/80	$40.94	350.39%	27.54%
E80166[1]	Nov 6/80	$46.82	415.04%	14.36%
E81009	Feb 1/81	$44.97	394.76%	(3.95%)
E81054	May 5/81	$47.93	427.28%	6.58%
E81102	Jul 1/81	$52.75	480.31%	10.06%
E81209	Nov 1/81	$50.56	456.22%	(4.15%)
E81250	Jan 1/82	$50.76	458.42%	0.40%
E82019	Feb 1/82	$59.39	553.36%	17.00%
E82169	Aug 1/82	$62.94	592.41%	5.98%
E82201	Sep 1/82	$68.34	651.82%	8.58%
E83025	Feb 1/83	$66.47	631.24%	(2.74%)
E83117	Aug 1/83	$61.62	577.89%	(7.30%)
E84014	Jan 31/84	$61.98	581.85%	0.58%
E84048	Mar 1/84	$60.95	570.52%	(1.66%)
E84141	Nov 1/84	$65.80	623.87%	7.96%
E85024	Feb 1/85	$67.15	638.72%	2.05%
E85071[1]	Jun 1/85	$63.74	601.21%	(5.08%)
E86074[2]	Oct 1/86	$60.68	567.50%	(4.80%)
E86085[3]	Nov 1/86	$60.38	564.26%	(0.49%)

[1] Prices on and after November 1, 1980, include the Federal Natural Gas and Gas Liquids Tax up to February 1, 1984, when the tax was reduced to a zero rate. Prices after May 1, 1981 include the Federal Canadian Ownership Special Charge up to June 1, 1985 when the charge was removed.

[2] Reflects the elimination of the Petroleum and Gas Revenue Tax.

[3] Interim rates.

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(c) ICG Utilities (Alberta) Ltd. [Leduc Division]

DECISION/ ORDER NO.	RATES EFFECTIVE	AVERAGE MONTHLY BILL	PERCENTAGE INCREASE OVER 1970	PERCENTAGE INCREASE OVER PREVIOUS
	1970	$ 9.63	—	—
	1971	$ 9.63	—	—
	1972	$ 9.63	—	—
	1973	$ 9.63	—	—
30931	Oct 1/74	$11.77	22.22%	22.22%
E75071	Jul 17/75	$16.24	68.64%	37.98%
C75333	Sep 15/75	$18.04	87.33%	11.08%
E76009	Feb 1/76	$19.75	105.09%	9.48%
E76025	May 1/76	$20.33	111.11%	2.94%
E76087	Jul 1/76	$20.55	113.40%	1.08%
E77067	May 1/77	$28.63	197.30%	39.32%
E77090	Jun 1/77	$29.37	204.98%	2.58%
E77142	Sep 1/77	$30.75	219.31%	4.70%
E78026	Mar 1/78	$27.75	188.16%	(8.93%)
E78147	Nov 1/78	$30.53	217.03%	10.02%
E79068	Jun 1/79	$35.53	268.95%	16.53%
E80029	Mar 1/80	$36.38	277.78%	2.39%
E80145	Sep 1/80	$40.13	316.72%	10.31%
E80197[1]	Nov 1/80	$45.90	376.64%	14.38%
E81093	May 1/81	$48.80	406.75%	6.32%
E81112	Jun 1/81	$50.96	429.18%	5.42%
E81210	Oct 1/81	$50.00	419.21%	(1.88%)
E82043	Feb 1/82	$57.71	499.27%	15.42%
E82127	May 1/82	$61.83	542.06%	7.14%
E82199	Aug 1/82	$64.93	574.25%	5.01%
E83055	Feb 1/83	$64.34	568.12%	(.91%)
E83064	Apr 1/83	$67.79	603.95%	5.36%
E83115	Aug 1/83	$64.84	573.31%	(4.35%)
E83151	Dec 1/83	$66.52	590.76%	2.59%
E84021	Mar 1/84	$65.71	582.35%	(1.22%)
E84097	Jul 1/84	$68.31	609.35%	3.97%
E84130	Oct 1/84	$66.03	585.67%	(3.34%)
E85005	Jan 1/85	$67.32	599.07%	1.95%
E85133	Jun 1/85	$64.61	570.92%	(4.03%)
E85145	Jan 1/86	$67.07	596.47%	3.81%
E86056	Aug 1/86	$69.75	624.34%	4.00%
E86084[2]	Nov 1/86	$69.22	618.75%	(0.77%)

[1] Prices on and after November 1, 1980, include the Federal Natural Gas and Gas Liquids Tax up to February 1, 1984, when the tax was reduced to a zero rate. Prices after May 1, 1981 include the Federal Canadian Ownership Special Charge up to June 1, 1985, when the charge was removed.

[2] Reflects the elimination of the Petroleum and Gas Revenue Tax.

SUMMARY OF INCREASES IN MILK PRICES

PRICES EFFECTIVE ON	MINIMUM PRODUCER	MINIMUM RETAIL (2% MILK)	2% MILK PERCENTAGE INCREASE OVER JULY 15, 1970	2% MILK PERCENTAGE INCREASE OVER PREVIOUS
Jul 15/70	$ 6.25 per cwt.	$ 0.28 per qt.	—	—
Sep 1/71	6.25 per cwt.	0.29 per qt.	3.57%	3.57%
Jan 1/73	6.85 per cwt.	0.31 per qt.	10.71%	6.90%
Sep 15/73	8.80 per cwt.	0.36 per qt.	28.57%	16.13%
Oct 15/73	8.80 per cwt.	0.33 per qt.	17.86%[1]	(8.33%)[1]
Apr 15/74	10.31 per cwt.	0.37 per qt.	32.14%	12.12%
Nov 1/74	11.07 per cwt.	0.41 per qt.	46.43%	10.81%
Dec 1/74	11.45 per cwt.	0.44 per qt.	57.14%	7.32%
Jan 20/75	(Processor Price Change Only)	0.46 per qt.	64.29%	4.55%
Jun 1/75	11.83 per cwt.	0.49 per qt.	75.00%	6.52%
Sep 1/75	(Processor Price Change Only)	0.50 per qt.	78.57%	2.04%
Dec 1/75	12.21 per cwt.	0.51 per qt.	82.14%	2.00%
Apr 1/76	12.59 per cwt.	0.52 per qt.	85.71%	1.96%
Jan 1/77	12.97 per cwt.	0.53 per qt.	89.29%	1.92%
Feb 1/77	12.97 per cwt.	0.49 per litre	98.89%[2]	5.07%[2]
Jan 1/78	13.40 per cwt.	0.50 per litre	102.95%	2.04%
Oct 2/78	(Processor Price Change Only)	0.51 per litre	107.01%	2.00%
Feb 1/79	13.83 per cwt.	0.52 per litre	111.06%	1.96%
May 1/79	14.26 per cwt.	0.53 per litre	115.12%	1.92%
Jul 1/79	(Processor Price Change Only)	0.54 per litre	119.18%	1.89%
Aug 1/79	33.37 per hL	0.55 per litre	123.24%	1.85%
Oct 1/79	34.47 per hL	0.56 per litre	127.30%	1.82%
Jan 1/80	35.37 per hL	0.57 per litre	131.36%	1.79%
May 1/80	36.37 per hL	0.58 per litre	135.42%	1.75%
Jul 1/80	38.33 per hL	0.60 per litre	143.54%	3.45%
Aug 1/80	39.31 per hL	0.63 per litre[3]	155.71%	5.00%
Oct 1/80	40.29 per hL	0.64 per litre	159.77%	1.59%
Dec 1/80	41.27 per hL	0.65 per litre	163.83%	1.56%
Mar 1/81	42.25 per hL	0.66 per litre	167.90%	1.54%
May 11/81	(Processor Price Change Only)	0.67 per litre	171.96%	1.52%
Jul 1/81	43.23 per hL	0.68 per litre	176.02%	1.49%
Jul 13/81	(Processor Price Change Only)	0.70 per litre	184.13%	2.94%
Mar 1/82	44.21 per hL	0.71 per litre	188.18%	1.43%
Jul 1/82	45.19 per hL	0.72 per litre	192.24%	1.41%
Sep 1/82	(Processor Price Change Only)	0.77 per litre	212.54%	6.94%
Feb 1/83	46.17 per hL	0.78 per litre	216.60%	1.30%
Sep 1/83	47.15 per hL	0.79 per litre	220.66%	1.28%
Apr 1/84	48.13 per hL	0.80 per litre	224.71%	1.27%
Jul 1/84	49.11 per hL	0.81 per litre	228.77%	1.25%
Mar 1/85	50.09 per hL	0.82 per litre	232.83%	1.23%
Sep 16/85	51.07 per hL	0.83 per litre	236.89%	1.22%
Mar 1/86	(Processor/ Wholesaler Price Change Only)	0.86 per litre	249.07%	3.61%
Apr 15/86	50.09 per hL	0.85 per litre	245.01%	(1.16%)
Oct 1/86	49.11 per hL	0.84 per litre	240.95%	(1.18%)
Dec 1/86	48.13 per hL	0.83 per litre	236.89%	(1.19%)

Commencing August 1, 1979 for minimum producer prices, and February 1, 1977 for minimum retail prices the amounts in this table are reported in metric measure. Conversion factors are:

1 cwt. (hundredweight) = .44049 hL (hectolitre)
1 qt. (quart) = 1.1365 litres

Notes: [1] Decrease due to temporary Federal Government subsidy.
[2] The percentage increases have been calculated taking into account the change in measurement from quarts to litres.
[3] Processor and Producer price change.

SUMMARY OF NATURAL GAS REBATE CERTIFICATES ISSUED DURING 1986

TYPE OF APPLICANT	FINAL CERTIFICATES[1] ISSUED SUPPLY[2]	RATES[3]
(a) Canadian Western Natural Gas Company Limited, Northwestern Utilities Limited and ICG Utilities (Alberta) Ltd.	12	12
(b) Smaller Gas Utilities	9	9
(c) Natural Gas Co-operatives	—	—
(d) Eligible Consumers	—	—
Total Number of Certificates Issued	21	21

Notes:

[1] The Supply and Rates Certificates enable the applicants to receive natural gas rebates under the Natural Gas Price Protection Plan which requires that the benefit of the whole of the rebate is passed on in the rates charged to the eligible consumers.

[2] A supply Certificate certifies that the gas supply contract concerned and all other purchase contracts pertaining to the same marketable gas and the respective prices of gas under those contracts are deemed by the Board to be just and reasonable for the purposes of the Natural Gas Rebates Act and the Regulations.

[3] A rates Certificate certifies that the rates or prices proposed to be charged to the eligible consumers in the event that the rebate is paid are deemed by the Board to be just and reasonable for the purposes of the Natural Gas Rebates Act and the Regulations.

LITIGATION PROCEEDINGS

Appeals of Board Orders and Decisions to The Alberta Court of Appeal

ITEM ORDER NUMBER(S)
(a) FILE NUMBER AND APPELLANT
(b) RESPONDENTS OTHER THAN THE BOARD
(c) SUBJECT MATTER
(d) STATUS

1.01 E85004
(a) E3.5.89-45 (Appeal)-1/Alberta Power Limited

(b) City of Lloydminster, City of Grande Prairie, Town of Peace River, Town of Slave Lake, Town of Vegreville, City of Calgary, Alberta Union of Rural Electrification Associations, Alberta Association of Municipal Districts and Counties, Alberta Electric Energy Marketing Agency, Amoco Canada Petroleum Company Ltd., TransAlta Utilities Corporation, Edmonton Power, Industrial Power Consumers Association of Alberta, City of Lethbridge and Board of Governors of Lakeland College

(c) Challenged the Board's authority to fix just and reasonable rates, tolls or charges under Section 83(2) of the Public Utilities Board Act and Section 13.1 of the Electric Energy Marketing Act.

(d) Application for Leave to Appeal adjourned sine die February 15, 1985.

1.02 E85012
(a) E3.5.89-45 (Appeal)-2/Alberta Power Limited

(b) City of Lloydminster, City of Grande Prairie, Town of Peace River, Town of Slave Lake, Town of Vegreville, City of Calgary, Alberta Union of Rural Electrification Associations, Alberta Association of Municipal Districts and Counties, Alberta Electric Energy Marketing Agency, Amoco Canada Petroleum Company Ltd., TransAlta Utilities Corporation, Edmonton Power, Industrial Power Consumers Association of Alberta, City of Lethbridge and Board of Governors of Lakeland College

(c) Challenged the Board's jurisdiction to set an Alberta Power Limited price to the Electric Energy Marketing Agency for 1984.

(d) Application for Leave to Appeal adjourned sine die February 15, 1985.

1.03 E84113
(a) E4.7.24(1)(g)-4 (Appeal)/Canadian Western Natural Gas Company Limited

(b) Nil

(c) Questioned the Board's jurisdiction to order that the gain on sale of fixed assets accrue to the customers of Canadian Western Natural Gas Company Limited.

(d) Application for Leave to Appeal adjourned sine die January 29, 1985.

1.04 C85026
(a) E4.533.88-2 (Appeal)/Canterra Energy Ltd.

(b) Nil

(c) Leave to Appeal was granted on May 29, 1985 on the issue of whether the Board erred by not establishing a separate category in the Consolidated Natural Gas Limited Alberta Cost of Service so that Canterra Energy Ltd. would not be required to bear any portion of the interest costs incurred in respect of the TOPCON Program.

(d) Discontinuance of Appeal filed by Canterra Energy Ltd. on May 2, 1986.

1.05 E85015
(a) E3.5.3-1 (Appeal)/City of Calgary

(b) Alberta Power Limited

(c) Challenged the Board's decision on the grounds that the Board failed to hold a hearing prior to making its decision and failed to comply with Section 7 of the Administrative Procedures Act.

(d) Notice of Abandonment filed by City of Calgary July 31, 1986.

1.06
(a) E3.3.3-9/City of Edmonton

(b) Alberta Government Telephones

(c) Statement of Claim by the City of Edmonton for a declaration that sections of the Public Utilities Board Act and the AGT-'edmonton telephones' Act are ultra vires and inoperative and for an injunction restraining the Board from hearing the application of Alberta Government Telephones dated November 13, 1984.

(d) Discontinuance of Action filed by City of Edmonton November 17, 1986.

1.07 E84142
(a) E3.16.89-2 (Appeal)/City of Edmonton

(b) Nil

(c) Challenged the Board's removal from the rate base of Edmonton Power the sum of $15,195,000 in respect of the Rossdale Generating Plant as well as challenged the Board's jurisdiction to set a pricing formula pursuant to Section 13.1 of the Electric Energy Marketing Act.

(d) Application withdrawn by City of Edmonton January 8, 1986.

1.08 E81004
(a) E3.4.89-1A-2 (Costs)(Appeal)/City of Edmonton

(b) Nil

(c) Leave to Appeal granted on the interpretation to be placed on Section 60 of the Public Utilities Board Act and Section 80(2) of the Municipal Government Act. The Court of Appeal in its decision of January 14, 1985, referred Order No. E81004 back to the Board and found that the Board could not withhold an award of costs solely on the basis that the solicitor representing the City was a salaried employee of the City.

APPENDIX 6

(d) Order No. E86049 dated July 10, 1986 confirmed that the parties had agreed that all claims of the City of Edmonton would be concluded, finalized and satisfied by payment by AGT of costs to the City of Edmonton in the amount of $13,361.25.

1.09 E80104

(a) E3.4.89-1A-1 (Costs)(Appeal)/Consumers' Association of Canada (Alberta) and the City of Edmonton

(b) Nil

(c) Challenged the principles followed by the Board in awarding costs to the Consumers' Association of Canada (Alberta) (the CAC) and the City of Edmonton. Alleged the Board failed to comply with the Administrative Procedures Act. The Court of Appeal in its decision of January 14, 1985, set aside and referred back to the Board Order No. E80104 for redetermination in conformity with the requirements of Section 7 of the Administrative Procedures Act.

(d) Order No. E86048 dated July 10, 1986 confirmed that the parties had agreed that all claims of the City of Edmonton and the CAC arising from Order No. E80104 would be concluded, finalized and satisfied by payment by AGT of costs in the amount of $6,654.37 to the City of Edmonton and $16,459.37 to the CAC.

1.10 E83061

(a) E4.707.88-1,-2 (Appeal)/Husky Oil Operations Ltd.

(b) Nil

(c) Leave to Appeal granted on the issues of whether the Board, having regard to the statutory duty to determine the cost of processing the Savanna Creek Producers' gas, acted judicially, and whether the Board could reach the decision it did on the evidence before it; and whether the Board failed to determine an appropriate formula or method of allocating the cost of fuel gas of Westcoast Transmission Company Limited.

(d) On December 11, 1985, the Court of Appeal referred this matter back to the Board for clarification of the fuel cost allocation formula. This matter has been held in abeyance at the request of Husky Oil Operations Ltd. and was not completed at the end of 1986.

1.11 E85028

(a) E4.14.35-45-1 (Appeal)/Northwestern Utilities Limited

(b) City of Edmonton, City of Red Deer, Bralorne Resources Ltd., Building Products of Canada Limited, Canadian Natural Resources Limited, Celanese Canada Inc., Dow Chemical Canada Inc., Esso Chemical Canada, Esso Petroleum Canada, Gulf Canada Products Company, Shell Canada Limited and Sherritt Gordon Mines Limited

(c) Challenged the Board's decision to deny Northwestern Utilities Limited's application on the basis that such a refusal results in a denial of natural justice.

(d) Notice of Abandonment of Appeal filed by Northwestern Utilities Limited on May 6, 1986.

1.12 E85033

(a) E4.1275.88-1 (Appeal) Signalta Resources Limited

(b) Nil

(c) Challenged the Board's decision to include Signalta's Gas Purchase Contract in category D_1B_2 for the purposes of determining the Alberta Cost of Service for TransCanada Pipelines Ltd.

(d) Application for Leave to Appeal was granted July 11, 1985. This matter had not been heard by the Court of Appeal at year-end.

1.13 E84116 E84140 E84144

(a) E3.6.87(1)(9)-5, E3.6.89-11, E3.6.89-12 TransAlta Utilities Corporation

(b) Nil

(c) Appeal to the Court of Appeal on the issues:

(1) By what standard does the Court of Appeal review the interpretation placed by the Board upon the word "revenue" in section 83 of the Public Utilities Board Act?

(2) Applying the standard of review determined to be appropriate, did the Board err in its decision?

(3) As to Decision No. E84144, was the Board bound by sections 13.1 and 13.2 of the Electric Energy Marketing Act not to make a price order for 1984 until after the regulations had been published?

(d) Appeal of Decision No. E84144 respecting the Board's interpretation of the Electric Energy Marketing Act was dismissed on February 12, 1986. By the same judgment, Decisions No. E84116 and No. E84140 were referred back to the Board for a redetermination of the allocation of the proceeds of the sale of assets. At year end, this matter had not been completed.